

**Research on the Success of  
Healthcare Group of Arizona  
in Attracting and Retaining  
Uninsured Small Employer Groups**



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**Prepared for Healthcare Group of Arizona by  
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# RESEARCH ON THE SUCCESS OF HEALTHCARE GROUP OF ARIZONA IN ATTRACTING AND RETAINING UNINSURED SMALL EMPLOYER GROUPS

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# ATTRACTING AND RETAINING UNINSURED SMALL EMPLOYER GROUPS

## Research Objectives

To better understand the success of Healthcare Group of Arizona (HCG) in attracting and retaining uninsured small employer groups, research was conducted in July and August 2006 with representatives of small employer groups currently insured by HCG. Objectives included:

- Determining how small employers heard about HCG and the messages they recalled.
- Identifying the factors (perceptions and experiences) that attracted small employers to HCG and HCG products, motivated them to enroll, induce them to maintain coverage, and would cause them to terminate coverage.
- Gauging interest in potential additional HCG products and services.

## Methodology

At the request of HCG and funded by HRSA Continued State Planning Grant No. P09HS0001-02-01, an independent research firm, Flanagan-Hyde Solutions, LLC, conducted five focus groups with representatives of 33 employer groups in three locations: one in Prescott (Yavapai County) on July 26, two in Phoenix (Maricopa County) on August 1, and two in Tucson (Pima County) on August 2. Participants constituted an opportunistic sample representing a broad cross-section of HCG's employer groups. In each location, appropriate proportions in terms of group size and tenure were recruited by telephone. A gift card was offered as an incentive for participation. The moderator followed a focus group discussion guide developed in collaboration with HCG. Participants also completed a written survey during each focus group session and provided a written ranking of the top factors that would keep them with HCG.

Table 1 presents an overview of participating employer groups; **Appendix A** provides detailed information on group characteristics. **Appendix B** presents the focus group discussion guide and the written surveys. **Appendix C** is comprised of selected quotes from focus group participants. **Appendix D** displays written survey findings and analyses, and **Appendix E** lists the retention factors cited by participants.

**Table 1: Overview of Focus Group Participants**

	Prescott	Phoenix	Tucson
Confirmed Employer Group Invitees	14	23	25
Employer Group Participants in Attendance	8	16	9
Mean Number of Employees	5	6	6
Median Number of Employees	3	5	4
Mean Number of Members	8	11	11
Median Number of Members	4	10	5

## Key Findings

- Employers heard about HCG through word-of-mouth from small business colleagues and a variety of outreach mechanisms used by HCG to increase public awareness.
- Top factors that attracted employers to HCG were low cost, guaranteed issue, and the ability to insure small groups and part-time employees.

- Employer groups were satisfied with HCG overall and said that they would not be able to offer healthcare coverage if HCG were not available at an affordable cost. Premium increases were perceived as reasonable in relation to quality and scope of services. A large majority said that quality was comparable to or higher than cost.
- Affordable cost, expanded provider networks, good coverage, and quality customer service are the top factors that would keep employer groups with HCG.
- Improvements in the reenrollment process were praised. Areas of dissatisfaction included provider network limitations; problems with customer service; confusion about billing, coverage, formulary, and deductible issues; and what participants called the “AHCCCS stigma,” meaning a lack of differentiation between HCG and AHCCCS by providers and office staff that have led to experiences of rudeness and disrespect.
- Opportunities exist to improve customer service, expand and enhance awareness of the information available on HCG’s Web site, and educate providers about HCG.
- HCG is offering an appropriate number of plan options. There is interest in a number of potential additional coverage options and insurance products, but not in a Point of Service (POS) product.
- Offering health insurance has a very positive impact on attracting and retaining quality employers.

## **Detailed Findings**

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### **Manner of Communication/Messages about HCG**

#### *Initial Awareness*

Most participants initially became aware of HCG through conversations with other self-employed individuals and small business owners. A few heard about HCG through brokers. Some recalled receiving a direct mail piece and others accessed HCG’s Web site for information. One Phoenix participant said that his boss read about HCG in the Sunday newspaper, and another heard about an HCG information session at Paradise Valley Community College on KJZZ 91.5. One credited HCG outreach to the Southwest Valley Chamber of Commerce for making her aware of the program. A Phoenix employer noted that his human resources company did not mention HCG but instead recommended individual commercial coverage when his carrier cancelled the group plan; he learned about HCG through calling hospitals for information about the plans they accept. A Tucson participant was advised to look into HCG through an e-mail from the Arizona Alliance of Nonprofits.

#### *Communication Mechanisms*

When asked in the written survey to rank five communication mechanisms (TV, newspaper, radio, direct mail, and e-mail) they are most likely to see, hear, read, or be convinced by, respondents varied considerably in their rankings, although the weighted means were quite similar for all media except e-mail, which ranked lowest overall. Sole proprietors ranked direct mail and newspaper highest, groups with two to 10 members were fairly evenly divided across all five mechanisms, and groups with 11+ members preferred TV and e-mail (Appendix D, Figures 3a-3g, pp. 33-36).

### *Messages and Perceptions About HCG*

Participants were consistent in their recollection of hearing that HCG was a state-administered program that offered affordable coverage for small businesses, with guaranteed issue and premiums based on age. Most participants joined HCG after hearing about it for the first time. While some were aware that HCG is no longer state subsidized, others were under the impression that the program is partially funded by tax dollars. One Prescott participant thought that HCG and AHCCCS funds were “co-mingled,” i.e., that excess HCG funds were used to support the AHCCCS program. Several called HCG a “well-kept secret” and one remembered hearing that HCG could not advertise because of a “restraint of trade matter.”

### *“Bare Period”*

A number of participants misperceived the “bare period,” believing that it applies both to the business itself and to individual employees. Most said that the bare period would discourage them from recommending HCG to other small employers. In each of the focus groups, at least one participant, unprompted, brought up the lobbying efforts of Blue Cross Blue Shield to discourage enrollment in HCG by requiring employers to “go bare” when switching from a commercial plan. While no focus group participant was directly affected by the “bare period,” each time this issue was raised, other participants expressed indignation that the legislature would make it more difficult for small employers and individuals to get health insurance. One noted that the bare period was at odds with the HCG mission statement—to reduce the number of uninsured—printed at the top of the focus group confirmation letter. Another commented that “it was a major ploy by the competitors to put the screws on HCG and it should be illegal.”

### **Attractors to HCG/Factors Leading to Enrollment**

Low cost, guaranteed issue, and being able to obtain insurance for a small number of employees were the top factors that attracted employer groups to HCG. Some mentioned a preference for co-pays and coinsurance instead of deductibles. A number reported that their previous commercial plans had left the market or dropped individuals or small group plans. Those who had compared HCG to commercial options during their decision-making process called HCG the only viable option. Participants expressed appreciation that employees can choose among options and that the company is not limited to a single choice. Others mentioned the benefit of not requiring 100 percent employee participation, since some employees already have coverage through a spouse or military benefits. A number said they were pleased with the availability of insurance for part-time employees.

### **HCG Image/Experience with HCG**

Overall, participants in all locations were satisfied with the services provided by HCG. When asked in the written survey about the quality of HCG overall compared to the money paid, a majority (n = 17) said that quality was comparable to cost. Seven participants said quality was somewhat higher and four said quality was much higher than cost. Only four described quality as somewhat lower than cost, and none said that quality was much lower (Appendix D, Figures 6a-6d, pp. 43-46).

### *Discrimination Against HCG Members*

A substantial number of providers and their office staff appear to not understand that HCG is separate from AHCCCS. Participants in Prescott, Phoenix, and Tucson voiced substantial distress about their experiences with what they termed the “AHCCCS stigma” in doctors’ offices. They reported that providers and their staff are often rude, discourteous, and insulting.

Although Mercy Healthcare Group (MHC) members described the problems in the strongest terms, similar issues also were voiced by Care1st and University Physicians Healthcare (UPH) Group members. A number of employers said they were treated courteously when they arrived for an appointment, but the demeanor of the office staff changed when they showed their HCG card; at that point, they were then treated “like second-class citizens.” They reported multiple instances in which physician office staff made comments such as, “Oh, you’re one of *those* people.” Employers said that MHG does not do enough to differentiate HCG members from AHCCCS members or train their providers to differentiate between the two programs.

Even with the new cards that say HCG at the top, participants reported that office staff focus on the logo of the health plan at the bottom and make negative comments about their being AHCCCS patients. When one participant complained about this to his physician, the doctor pointed to the HCG card and the MHG logo and said, “That’s Mercy, they are AHCCCS.” Several participants reported that when employees called MHG providers to make an appointment, they were told they had to wait about one month because, “We only take one or two of your kind each week.” While many participants emphasized that all patients should be treated with respect, they resented being treated like they were “on the dole” (a phrase used by several participants) when in fact they run small businesses, pay taxes, and pay health insurance premiums. Some said that being considered an AHCCCS patient was upsetting enough to make them want to leave HCG if they had another option. Participants urged HCG to educate provider offices about the difference between HCG and AHCCCS and to seriously consider changing the names of the health plans or removing the plan logos from the HCG card.

#### *Provider Networks*

Prescott and some Phoenix participants expressed dissatisfaction with the limited availability of doctors (particularly specialists) and medical facilities. Some Phoenix participants said it was difficult to access the current list of providers and asked that the information be available online or that e-mail alerts be sent when changes are made. Some Prescott participants reported hearing from doctors that MHG’s paperwork and payment problems were so onerous that providers were leaving the network, while another Prescott participant, who works for a medical practice, said that MHG is easy to work with. There was a perception among Prescott participants that Arizona Foundation for Medical Care had a more extensive provider network. Participants in both Prescott and Phoenix would like to change from MHG but don’t feel they have an alternative, saying that the PPO is too expensive and Care1st does not have the right providers. Some participants said MHG providers do not know what procedures require HCG pre-certification, and one complained that MHG made her get a pre-certification for a mammogram. Others said that MHG providers are not familiar with the current formulary and sometimes prescribe drugs that HCG will not cover. The member must appeal, which takes a long time. One participant said it took more than a month to get a non-formulary drug approved by the MHG medical director. Some said MHG takes too long to make pre-certification decisions; one reported that it took more than a month to authorize an MRI.

A few participants noted that Care1st and UPH providers are not familiar with the current formulary, and that providers and office staff discriminate against HCG members, although the complaints were not as widespread as among MHG members. Most Tucson participants praised the expanded provider options in the past few years. One mentioned the convenience of computerized medical records.

### *Vision and Dental*

Participants voiced appreciation for the vision and dental care options. However, some Prescott members expressed dissatisfaction with the number of dental providers available and the length of time they had to wait to receive services. In Phoenix, more than 10 participants said the dental provider offices were inconvenient and located in “really bad” sections of town that they did not feel safe visiting for their own appointments or with their children. Some of these employers were considering dropping their dental coverage because of this issue. Some Phoenix participants perceived that the dentists on the list were not “real” dentists (meaning of lesser quality).

### *Customer Service*

Participants reported a number of problems with customer service. A few said that the on-hold wait time was too long when calling HCG Customer Care; they expect to get to a live person quickly. A few employers were disappointed that HCG no longer assigns a particular Customer Care representative to employer groups, saying they liked the personal attention. At least one-third of the employers in each of the focus groups said that they had never received the HCG newsletter. Some said that HCG Customer Care does not return calls in a timely manner, and reported the same problem with MHG customer service. One employer remarked that MHG Customer Care staff is “on the lower end of the learning curve, and they never seem to move from there” and others commented that MHC staff are indifferent and do not show respect for HCG members as customers.

The biggest issues were getting membership cards, member handbooks, and correct information about coverage in a timely manner. Participants in Prescott, Phoenix, and Tucson said that the waiting period to get the initial card is too long; although new members have a number they can use to access services, it’s a nuisance to have employees asking when the card will arrive. One employer said she waited four months to receive a card and is still waiting for a member handbook. Several employers said that HCG Customer Care staff had given them wrong information; in one case, an employer was told completely different things in separate calls to HCG. Several comments indicated that HCG needs to improve coordination of information with the health plans; employers are told one thing when they call HCG and something different or contradictory when they call the plan (usually MHG). Another employer said that when he called Customer Care about switching to a Health Savings Account (HSA), he was told that HCG does not have an HSA product. Many participants complained that when they called MHG with questions about benefits, they were quoted AHCCCS benefits.

Prescott participants reported customer service experiences ranging from poor to very good. One said that it was difficult to get information about the amount of money paid toward the deductible; another said she was confused about how to read the EOB and could not get answers from HCG or MHG customer service. Participants said that MHG does not put deductible accumulators on the member EOB and members have no way to determine the deductible balance. One suggested that accumulators and benefit limits should be available to members at a password-protected online site so that they won’t have to call the health plan. Phoenix participants also expressed dissatisfaction with customer service experiences, but when asked to clarify, some were confused about whether they had called HCG or the health plan. Some Tucson participants said they had experienced problems with HCG customer service in the past, but it appeared that representatives were better trained now, although the waiting time on the phone had increased to 10 or 15 minutes.

At least one-quarter of the participants in each focus group complained about having mailed materials to HCG, such as enrollment forms, health histories, or other documentation, and later discovering that the information was not received. Similar complaints were voiced about faxes; despite employers having fax confirmations, HCG claimed the faxes never arrived.

### *Reenrollment Process*

Participants said that HCG paperwork is straightforward and that the reenrollment process is much improved and simplified this year; some employers thought they had “missed something” because the process was so easy. However, several in Prescott and Tucson reported lost paperwork.

### *Billing*

Participants in all groups complained that billing accuracy has gotten much worse and needs improvement. They reported making multiple calls to Customer Care to resolve billing issues. It was apparent that Customer Care staff handle billing issues in different ways. Participants complained that billing statements list only option codes, not plan names (e.g., H0000 instead of Classic \$0 Deductible), which hinders their understanding of the charges.

While participants were comfortable with the premium prepayment policy, they were frustrated that billing statements do not identify the individual for whom a credit is being applied when employees leave. The absence of itemization in billing statements means that they cannot determine the nature and time period of the credit. Many complained about having to pay the full monthly premium for employees who have terminated and then wait for a refund. They want HCG to be able to modify a bill in real-time. Several Phoenix participants praised the ability to pay premiums online and said it reduced “mix-ups” that can result in HCG canceling the policy. Some complained that they had been terminated without notice because their payment was short, claiming that they had not received a letter or phone call about the matter. However, they did receive the termination notice.

### *Formulary*

While some participants voiced satisfaction with HCG’s expanded formulary and mail-order pharmacy option, many were dissatisfied with formulary restrictions and the perceived difficulty in getting up-to-date information. A number expressed frustration that doctors are not familiar with formulary restrictions. Several suggested putting the formulary online and were unaware that this is currently available; others said they had accessed the online formulary without problems. A few participants said it would be helpful if doctors and HCG could provide understandable reasons why a drug is not on formulary or will not be approved. Several mentioned that the timeframe in which to obtain refills is too brief, causing problems when they travel. The health plan and the Pharmacy Benefits Manager (PBM) told them that they could not get multiple refills at the same time. Many participants did not know about the mail-order option. Several expressed dissatisfaction with difficulties getting HCG to approve restricted drugs or procedures, and a few were dissatisfied with the length of time needed to get approval for restricted drugs. A Tucson participant suggested that because doctors are too busy to “go to bat” for patients, there should be an individual who can advocate for patients’ needs with HCG.

### *Member Handbook & EOC*

Overall, participants were satisfied with the Member Handbook & EOC, although a number said the language was difficult to understand. A few expressed confusion about how deductibles work. A number said that clarification of pre-authorization policies would be helpful. Two



Prescott participants complained that they received only one member handbook. When they called Customer Care they were told that HCG provides only one copy per group, which resulted in the need for employers to make photocopies for employees. One participant reported that instead of mailing a Member Handbook & EOC to a new member, Customer Care said that the information should be downloaded from the HCG Web site. One participant asked that a “delta sheet” be included at the front of the booklet when changes are made. Some had used the online version; others were unaware that the information is available online. One participant asked that information about dental, vision, and health plan coverage be consolidated in one online location.

#### *Employer Meetings and Focus Groups*

A Prescott participant mentioned the helpfulness of meetings held by HCG when new plan options were introduced; others in the group said they had not been aware of the meetings and would like to receive notification of future events. Without prompting, participants in all focus groups expressed appreciation that HCG cared enough about customer experiences and desires to convene the focus group discussions and listen to customer feedback. They also said they highly value the opportunity to participate in employer meetings.

#### **Cost Issues**

Overall, premium increases to date were perceived as reasonable in relation to the quality and scope of services provided and in comparison to increases by commercial plans. However, one Prescott participant complained that when HCG adjusted the age bands in the Secure product, his premiums increased 80 percent. Some would like to have higher deductible options for the Classic and Platinum plans. Some want to be rewarded (through lower premiums, tangible goods, or other means) for having low medical claims or maintaining healthy employees. Many participants in each focus group said that they continually shop the insurance market for a better deal, and price would be the deciding factor on whether to switch to another carrier. Some said that HCG is getting very close to their “premium ceiling” and that continued rate increases would cause them to leave for a commercial plan or go uninsured. A majority of employer groups represented in the focus groups pay 100 percent of their employees’ premiums. (Appendix D, Figure 16, p. 77) By way of comparison, the *Small Business Survey Arizona 2000* prepared by WestGroup Research reported the average company contribution for employee coverage as 75 percent (Appendix D, Table C, p. 82).

Most participants said they were satisfied with the co-pay and coinsurance requirements. A few expressed dissatisfaction with needing to pay multiple co-pays for one episode of care (e.g., doctor, laboratory, specialist, and pharmacy). The ability to budget healthcare coverage costs for future years was not viewed as an important issue; most felt that future costs are fundamentally unpredictable.

The cost of administering HCG benefits was not reported as a problem, although several participants mentioned the challenges involved in educating new employees who have never had health insurance, particularly those whose first language is not English. One Prescott participant reported that her boss had trouble understanding the differences among the available options. Several Prescott participants said that excessive time spent trying to resolve problems with HCG and/or the health plan was a frustration at times. One Prescott employer said that he would be happy to pay his premium on an annual basis rather than monthly if it would result in a discount. Others responded that while this might be a good option, it should not become a requirement.

## **Challenges in Maintaining HCG Coverage**

Concerns about future affordability, especially as employees age, was a top challenge in maintaining HCG coverage cited by employer groups. Cost increase was also the top reason reported in the *Arizona 2000* survey that would cause a firm to drop insurance coverage for employees (Appendix D, Table C, p. 82). One Prescott focus group participant said that the small size of the provider network was a challenge in maintaining coverage. Although HCG records indicated that a number of employer groups represented in the focus groups had been terminated for non-payment without a gap in coverage, none of the participants said that cash flow issues caused them to miss payments. Although the issue of termination was not brought up directly by the moderator, a number of participants mentioned that bookkeeping errors, such as underpaying the first month after a premium increase, had led to a termination notice.

## **Desire for Experience/Underwriting vs. Community Rating**

Participants in all locations expressed strong appreciation that premiums are not based on a member's pre-existing conditions or the claims experience of an individual employer group. In particular, employer groups with employees who have chronic conditions voiced gratitude for the community rating. When asked in the written survey how rates should be created, 13 of the 33 participants said that premiums should be based on age and sex, followed by nine who said that everyone should pay the same amount and six who thought that premiums should be based on earnings (Appendix D, Figures 5a-5c, pp. 40-42). One Phoenix participant reported being worried about the possibility of an age discrimination charge if he paid more premium dollars for older employees than for younger ones; upon the advice of an attorney, he now contributes a fixed dollar amount for all employees. A few participants expressed confusion about the fact that HCG offers guaranteed issue, but that certain pre-existing conditions are not covered.

## **Potential Disenrollment Factors**

During the focus group discussions, participants said that they would consider leaving HCG if there was a large increase in cost with less coverage. Poor service, poor quality doctors, a limited choice of doctors, and a substantial increase in co-pay and coinsurance amounts for medical and pharmacy services were also cited as potential disenrollment factors. Several participants expressed concern that without state funding, HCG premiums might rise to unaffordable levels. When asked to list in writing the top three things that would keep their employer group with HCG, the strongest factor by far was cost. The next top factors were expanded provider networks, good coverage, and quality customer service (Appendix E, p. 83).

## **Coverage Options**

Most participants said that HCG's current number of plan options is appropriate, offering flexibility to employees with different needs in a clear, straightforward way. However, some felt that the number of choices makes it difficult to select a plan and that a guide would be helpful. While one Phoenix participant described the initial plan selection process as "shifting through the mess," the rest of the group said that they had no problems and found the comparison grid (the side-by-side comparison of plans and products) a very helpful tool. Prescott participants said that many employees look only at the premium amount and don't comprehend the connection between premiums and scope of coverage. A few employees asked that allergy treatments be covered.

A few participants voiced concerns that the number of plan options now offered by HCG, or that introducing new coverage options such as chiropractic care, might cause increased premiums across the board. During the focus group discussions, interest was expressed in mental health coverage, preventive medicine (meaning preventive surgeries to reduce breast cancer risk), alternative care (including chiropractic and acupuncture), and injectable drugs. In the written survey, benefits to help with alcohol or drug abuse (Appendix D, Figures 7a-7b, pp. 47-50), mental health problems (Figures 8a-8b, pp. 49-50), and marital or family problems (Figures 9a-9b, pp. 51-52) were viewed as somewhat or very important by a majority of participants. Interest was somewhat strong for chiropractic care at added cost (Figures 10a-10d, pp. 53-56), an optional dental PPO (Figures 12a-12d, pp. 61-64), and for life insurance (Figures 13a-13d, pp. 65-68), short-term disability (Figures 14a-14d, pp. 69-72), and Medicare supplemental insurance (Figures 15a-15d, pp. 73-77). However, in the discussions, a number of participants urged HCG to “stick with what they do” and not branch out into other insurance products. Written survey responses on interest in HMO mental health and substance abuse coverage at an added cost were mixed (Figures 11a-11d, pp. 57-60). One or two participants in each group brought up HSAs without prompting and wanted to see this option available at a lower cost, or would like an HSA option with the HMO.

#### *Limited Benefit Plan*

A few participants in each focus group said they might be interested in a limited benefit plan (described by the moderator as one that pays a set dollar amount, and/or that provides for a certain number of doctor visits, emergency care, and possibly a certain number of hospital days) if the premium was significantly lower, while most said they had no interest in such a product. Many voiced concerns that unanticipated medical problems could cause serious financial hardships to employees who opted for such a plan.

#### *POS Plan*

Although the description of a potential POS plan evolved during the course of the research, participants in each group raised new objections. In Prescott and Phoenix, the POS was described as a product that gives members access to two networks, one larger and one smaller. They were told that a POS could help members reduce their costs and help HCG control premium increases. It was explained that HCG gets bigger discounts with smaller provider networks and can pass the savings on to members. If members choose to use a provider from the smaller network, the co-pay and coinsurance would be less than if they chose a provider in the larger network for a given service. Participants in both Prescott and Phoenix were worried that because the provider network is already inadequate, this would further reduce options, especially for specialist care. Some cited previous experience with this kind of product and said that location, access, and quality are usually a problem, while a few recognized that there might be a benefit if quality could be maintained while reducing out-of-pocket costs. In Tucson, where the product was described as a hospital POS plan that would include major hospitals such as University Medical Center and Tucson Medical Center, participants objected to the idea of paying more out-of-pocket to use other area hospitals, which they said have shorter waiting times and/or more convenient locations. No one voiced support for a POS; rather than viewing such a program as offering a discount, they saw it as penalizing members when they accessed services that they were entitled to through premium payments.

## Impact of Providing Insurance

There was wide agreement that the ability to offer health insurance has a very positive impact on employee recruitment and retention. While no one felt that offering health insurance helped reduce sick days, they did point out the benefits of employees being able to see a doctor when they are sick. Most perceived that providing health insurance results in higher productivity, although none had quantified the impact.

In the *Arizona 2000* survey, respondents most frequently mentioned finding good/qualified employees (34%) and government relations (11%) as their biggest business challenge (Appendix D, Table C, p. 82). One-third of the respondents in the 2006 focus groups described their biggest business challenge as providing healthcare benefits for employees and concerns about premium costs, an issue that was mentioned by only 4 percent of the *Arizona 2000* respondents. The second most frequently mentioned challenge in the focus groups was finances and the cost of doing business, which was cited by 33 percent of respondents. In contrast, this issue was mentioned by only 5 percent of the *Arizona 2000* respondents. Ten percent of focus group respondents said that finding good quality employees was their biggest challenge, compared with 34 percent of respondents in 2000. None of the focus group respondents mentioned government relations as a problem. Almost 40 percent of the focus group participants said that they offer health insurance coverage to employees to improve retention, and 15 percent cited the reason as attracting quality employees. The top reason offered in *Arizona 2000* was “It is important to employees” (39%) which was mentioned by 21% of focus group respondents.

## Conclusions and Recommendations

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Cost was the primary concern expressed by small employers and the major driver of their healthcare coverage decisions. The closer HCG rates get to commercial plans, the more likely an employer group is to compare options and possibly leave HCG. Participants:

- Cited the ability to offer healthcare insurance as crucial to attracting and retaining quality employees, particularly as their businesses grow, and urged HCG to keep premiums affordable, since premiums are now near the top of their perceived “premium ceiling.”
- Praised improvements to the HCG Web site and asked for e-mail notices when Web site information is updated, and a specific location on the Web site for current news and changes in administrative policies, products, premiums, formulary, etc.
- Urged HCG to educate providers about the difference between HCG and AHCCCS, and to consider removing the health plan logos from the HCG card to avoid confusion.
- Asked for a guide or marketing collateral materials to help them and their employees understand the many choices and select the plan that will best suit their needs.
- Voiced enthusiasm and appreciation for employer meetings and focus groups. These sessions are a welcomed forum that HCG can use to validate product assumptions, assess new products and ideas, obtain testimonials and cultivate support for upcoming legislative activities, and maximize marketing and public relations opportunities.

## APPENDIX A: CHARACTERISTICS OF FOCUS GROUP PARTICIPANTS

Appendix A presents the characteristics of employer groups that participated in the focus groups in Prescott (Yavapai County), Phoenix (Maricopa County), and Tucson (Pima County).

One focus group was held in Prescott on July 26, 2006, in a conference room at the Hassayampa Inn. The session was audiotaped. Representatives of 14 employer groups confirmed that they would attend and the participants in attendance represented eight employer groups.

Focus Group Characteristics: Yavapai Employer Groups				
Group 1				
Total Employees: 18	Total Members: 25	Dental: Yes	Vision: Yes	Broker: No
Combined Premium: \$4,780.42	Effective Date: 11/01/02	Renewal Date: 11/01/06		
Classic \$0	9 Members	Mercy Healthcare Group		
Secure \$0	16 Members	Mercy Healthcare Group		
Group 2				
Total Employees: 9	Total Members: 14	Dental: Yes	Vision: Yes	Broker: No
Combined Premium: \$2,997.35	Effective Date: 03/01/06	Renewal Date: 03/01/07		
Classic \$0	14 Members	Mercy Healthcare Group		
Group 3				
Total Employees: 3	Total Members: 10	Dental: Yes	Vision: Yes	Broker: No
Combined Premium: \$1,020.70	Effective Date: 04/01/06	Renewal Date: 04/01/07		
Classic \$500	3 Members	Mercy Healthcare Group		
Classic \$2,000	4 Members	Mercy Healthcare Group		
Active \$0	3 Members	Mercy Healthcare Group		
Group 4				
Total Employees: 3	Total Members: 4	Dental: Yes	Vision: Yes	Broker: No
Combined Premium: \$667.19	Effective Date: 08/01/04	Renewal Date: 08/01/06		
Classic \$0	3 Members	Mercy Healthcare Group		
Secure \$0	1 Member	Mercy Healthcare Group		
Group 5				
Total Employees: 3	Total Members: 3	Dental: Yes	Vision: Yes	Broker: No
Combined Premium: \$735.61	Effective Date: 12/01/04	Renewal Date: 12/01/06		
Classic \$0	3 Members	Mercy Healthcare Group		

Focus Group Characteristics: Yavapai Employer Groups (continued)				
Group 6				
Total Employees: 1	Total Members: 2	Dental: Yes	Vision: Yes	Broker: No
Combined Premium: \$916.31	Effective Date: 10/01/04	Renewal Date: 10/01/06		
Medallion Platinum \$500	2 Members	Arizona Foundation for Medical Care		
Originally enrolled in HCG 03/01/97; termed 03/31/98. Reenrolled 10/01/04. Switched benefit plan from Secure \$1,000 to Platinum \$500 on 05/01/06.				
Group 7				
Total Employees: 1	Total Members: 2	Dental: No	Vision: No	Broker: No
Combined Premium: \$427.27	Effective Date: 06/01/04	Renewal Date: 06/01/07		
Classic \$1,000	2 Members	Mercy Healthcare Group		
Changed benefit plan from Classic \$0 to Classic \$1,000 on 06/01/05.				
Group 8				
Total Employees: 1	Total Members: 1	Dental: No	Vision: Yes	Broker: No
Combined Premium: \$302.73	Effective Date: 10/01/01	Renewal Date: 10/01/06		
Classic \$2,000	1 Member	Mercy Healthcare Group		
Changed benefit plan from Classic \$0 to Classic \$2,000 on 08/01/05.				

Two focus groups were held in Phoenix on August 1, 2006, in a focus group facility at WestGroup Research. The sessions were audiotaped and videotaped. Representatives of 23 employer groups confirmed that they would attend and the participants in attendance represented 16 employer groups.

Focus Group Characteristics: Phoenix Employer Groups				
Group 1				
Total Employees: 1	Total Members: 2	Dental: No	Vision: No	Broker: No
Combined Premium: \$443.00	Effective Date: 09/01/98	Renewal Date: 09/01/06		
HMO Secure \$0	2 Members	Mercy Healthcare Group		
Group 2				
Total Employees: 1	Total Members: 2	Dental: No	Vision: No	Broker: No
Combined Premium: \$804.45	Effective Date: 08/01/01	Renewal Date: 08/01/06		
HMO Classic \$2,000	2 Members	Mercy Healthcare Group		
Group 3				
Total Employees: 1	Total Members: 2	Dental: No	Vision: No	Broker: No
Combined Premium: \$804.45	Effective Date: 01/01/01	Renewal Date: 01/01/07		
HMO Classic \$2,000	2 Members	Mercy Healthcare Group		

Focus Group Characteristics: Phoenix Employer Groups (continued)				
Group 4				
Total Employees: 12	Total Members: 23	Dental: No	Vision: No	Broker: No
Combined Premium: \$3,063.07	Effective Date: 11/01/04	Renewal Date: 11/01/06		
HMO Classic \$0	2 Members	Mercy Healthcare Group		
HMO Classic \$500	5 Members	Mercy Healthcare Group		
HMO Classic \$1,000	7 Members	Mercy Healthcare Group		
HMO Secure \$0	2 Members	Mercy Healthcare Group		
HMO Secure \$500	3 Members	Mercy Healthcare Group		
HMO Secure \$1,000	1 Member	Mercy Healthcare Group		
HMO Active \$500	3 Members	Mercy Healthcare Group		
Group 5				
Total Employees: 8	Total Members: 29	Dental: Yes	Vision: Yes	Broker: No
Combined Premium: \$4,740.77	Effective Date: 10/01/01	Renewal Date: 10/01/06		
HMO Classic \$0	27 Members	Mercy Healthcare Group		
Group 6				
Total Employees: 15	Total Members: 18	Dental: No	Vision: No	Broker: No
Combined Premium: \$7,469.00	Effective Date: 09/01/01	Renewal Date: 09/01/06		
HMO Classic \$0	18 Members	Mercy Healthcare Group		
Group terminated for non-payment nine times between 01/31/04 and 08/31/05 (six times in 2004, three times in 2005). Reinstated each time without gap in coverage.				
Group 7				
Total Employees: 14	Total Members: 15	Dental: No	Vision: No	Broker: No
Combined Premium: \$6,053.83	Effective Date: 11/01/04	Renewal Date: 11/01/06		
HMO Classic \$0	15 Members	Mercy Healthcare Group		
Group terminated for non-payment three times between 07/31/02 and 05/31/05. Reinstated each time without gap in coverage.				
Group 8				
Total Employees: 8	Total Members: 11	Dental: No	Vision: Yes	Broker: No
Combined Premium: \$2,017.54	Effective Date: 06/01/06	Renewal Date: 06/01/07		
HMO Classic \$0	1 Member	Care1st Health Plan Arizona		
HMO Secure \$0	7 Members	Care1st Health Plan Arizona		
HMO Active \$500	2 Members	Mercy Healthcare Group		
PPO Platinum \$2,000	1 Member	PPO		

Focus Group Characteristics: Phoenix Employer Groups (continued)				
Group 9				
Total Employees: 3	Total Members: 7	Dental: Yes	Vision: Yes	Broker: No
Combined Premium: \$1,955.76	Effective Date: 10/01/01	Renewal Date: 10/01/06		
HMO Classic \$0	7 Members	Mercy Healthcare Group		
Group 10				
Total Employees: 2	Total Members: 3	Dental: Yes	Vision: Yes	Broker: No
Combined Premium: \$718.02	Effective Date: 12/01/02	Renewal Date: 12/01/06		
HMO Secure \$0	3 Members	Mercy Healthcare Group		
Group terminated for non-payment three times between 01/31/04 and 06/30/04. Reinstated each time without gap in coverage.				
Group 11				
Total Employees: 2	Total Members: 2	Dental: Yes	Vision: Yes	Broker: No
Combined Premium: \$899.85	Effective Date: 10/01/01	Renewal Date: 10/01/06		
HMO Classic \$0	2 Members	Mercy Healthcare Group		
Group 12				
Total Employees: 11	Total Members: 28	Dental: No	Vision: No	Broker: No
Combined Premium: \$3,261.57	Effective Date: 10/01/04	Renewal Date: 10/01/06		
HMO Classic \$500	3 Members	Mercy Healthcare Group		
HMO Secure \$0	18 Members	Mercy Healthcare Group		
HMO Secure \$500	4 Members	Mercy Healthcare Group		
HMO Active \$0	3 Members	Mercy Healthcare Group		
Group terminated for non-payment on 09/30/05 and 02/28/06. Reinstated without gap in coverage.				
Group 13				
Total Employees: 7	Total Members: 11	Dental: Yes	Vision: Yes	Broker: Yes
Combined Premium: \$3,579.90	Effective Date: 07/01/05	Renewal Date: 07/01/07		
HMO Classic \$0	11 Members	Mercy Healthcare Group		
Group terminated for non-payment on 02/28/06. Reinstated without gap in coverage.				
Group 14				
Total Employees: 2	Total Members: 10	Dental: Yes	Vision: Yes	Broker: No
Combined Premium: \$1,454.29	Effective Date: 04/01/06	Renewal Date: 04/01/07		
HMO Classic \$500	10 Members	Mercy Healthcare Group		



Focus Group Characteristics: Phoenix Employer Groups (continued)				
Group 15				
Total Employees: 7	Total Members: 9	Dental: No	Vision: No	Broker: No
Combined Premium: \$2,706.98	Effective Date: 11/01/02	Renewal Date: 11/01/06		
HMO Classic \$0	1 Member	Care1st Health Plan Arizona		
HMO Classic \$0	8 Members	Mercy Healthcare Group		
Group terminated for non-payment six times between 10/31/03 and 05/31/06. Reinstated each time without gap in coverage.				
Group 16				
Total Employees: 2	Total Members: 8	Dental: Yes	Vision: Yes	Broker: No
Combined Premium: \$1,943.518	Effective Date: 12/01/96	Renewal Date: 12/01/06		
HMO Classic \$0	8 Members	Mercy Healthcare Group		
Group terminated for non-payment seven times between 10/31/01 and 04/30/04. Reinstated each time without gap in coverage.				

Two focus groups were held in Tucson on August 2, 2006, in a focus group facility at FMR Associates, Inc. The sessions were audiotaped and videotaped. Representatives of 25 employer groups confirmed that they would attend and the participants in attendance represented nine employer groups.

Focus Group Characteristics: Tucson Employer Groups				
Group 1				
Total Employees: 1	Total Members: 1	Dental: No	Vision: Yes	Broker: No
Combined Premium: \$371.36	Effective Date: 04/01/02	Renewal Date: 04/01/07		
HMO Classic \$0	1 Member	University Physicians Healthcare Group		
Group 2				
Total Employees: 1	Total Members: 2	Dental: Yes	Vision: Yes	Broker: No
Combined Premium: \$510.65	Effective Date: 07/01/95	Renewal Date: 07/01/07		
HMO Classic \$0	2 Members	University Physicians Healthcare Group		
Group terminated for non-payment six times between 07/01/97 and 06/30/06. Reinstated each time without gap in coverage.				
Group 3				
Total Employees: 1	Total Members: 1	Dental: No	Vision: No	Broker: —
Combined Premium: \$315.35	Effective Date: 05/01/02	Renewal Date: 05/01/07		
HMO Classic \$0	1 Member	University Physicians Healthcare Group		

Focus Group Characteristics: Tucson Employer Groups (continued)				
Group 4				
Total Employees: 9	Total Members: 16	Dental: No	Vision: Yes	Broker: No
Combined Premium: \$3,050.37	Effective Date: 03/01/02	Renewal Date: 03/01/07		
HMO Classic \$0	15 Members	University Physicians Healthcare Group		
Group terminated for non-payment on 03/31/05. Reinstated without gap in coverage.				
Group 5				
Total Employees: 5	Total Members: 10	Dental: Yes	Vision: Yes	Broker: No
Combined Premium: \$2,184.10	Effective Date: 12/01/03	Renewal Date: 12/01/06		
HMO Classic \$0	10 Members	University Physicians Healthcare Group		
Group terminated for non-payment on 09/30/04 and 02/28/06. Reinstated each time without gap in coverage.				
Group 6				
Total Employees: 15	Total Members: 28	Dental: Yes	Vision: No	Broker: No
Combined Premium: \$6,650.00	Effective Date: 09/01/04	Renewal Date: 09/01/06		
HMO Classic \$0	26 Members	University Physicians Healthcare Group		
HMO Secure \$500	2 Members	University Physicians Healthcare Group		
Group 7				
Total Employees: 4	Total Members: 5	Dental: Yes	Vision: Yes	Broker: No
Combined Premium: \$1,307.45	Effective Date: 10/01/04	Renewal Date: 10/01/06		
HMO Classic \$0	5 Members	University Physicians Healthcare Group		
Group 8				
Total Employees: 17	Total Members: 36	Dental: No	Vision: No	Broker: No
Combined Premium: \$6,560.64	Effective Date: 11/01/04	Renewal Date: 11/01/06		
HMO Classic \$0	12 Members	University Physicians Healthcare Group		
HMO Secure \$0	5 Members	University Physicians Healthcare Group		
HMO Secure \$500	2 Members	University Physicians Healthcare Group		
HMO Secure \$1,000	2 Members	University Physicians Healthcare Group		
HMO Active \$0	7 Members	University Physicians Healthcare Group		
HMO Active \$500	8 Members	University Physicians Healthcare Group		
Group 9				
Total Employees: 1	Total Members: 2	Dental: No	Vision: No	Broker: No
Combined Premium: \$693.42	Effective Date: 05/01/98	Renewal Date: 05/01/07		
HMO Classic \$0	2 Members	University Physicians Healthcare Group		

## APPENDIX B: FOCUS GROUP DISCUSSION GUIDE

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Appendix B presents the focus group discussion guide and the two written surveys completed by focus group respondents

### HCG Employer Focus Groups Discussion Guide

Moderator will listen for differences across demographic dimensions and probe as needed.

#### Introductions

Moderator introduces herself and talks briefly about the research:

We are conducting focus groups with employers to help us learn more about what's important to all of you as a consumer of health care and when you make decisions about health care coverage for yourself and your employees. The results will be used by Healthcare Group of Arizona to improve the products and services provided to employer groups and members.

Your comments will be confidential and presented anonymously in the focus group report. Please be aware that a few individuals from Healthcare Group are in an observation room (*in Prescott, are in the room*) to hear your comments first hand. We are also taping our conversation to ensure the accuracy of the report. We are conducting other focus groups in Phoenix/Tucson/Prescott (*as appropriate*), and all the comments will be summarized and not attributed to any individual.

Apologize in advance; may need to redirect; specific questions or problems, can put in touch with HCG reps at end of focus group. Before we get started, so we can get to know each other a bit, please introduce yourself by name and company.

#### Introductions

#### Discussion

Since we have lots of questions to ask you this [morning/afternoon] and we plan to finish by [time], I am going to just dive right in.

Please think back to the first time you heard about Healthcare Group as an option for health insurance.

1. How did you hear about Healthcare Group? What do you remember hearing? *Probe for the manner in which they heard each message—referral, broker, Web, outreach, Chamber of Commerce, other.*
2. About how many times did you hear about Healthcare Group before you made the decision to enroll? *If multiple times, Did you hear the same thing each time, or do you recall any differences? Probe for details—what they heard from each source.*
3. What attracted you to Healthcare Group and the products that were offered? *Probe for details without prompts; if not mentioned, ask about:*
  - a. *Ease of the enrollment and renewal process*
  - b. *Ability to budget the cost*
  - c. *Choice of products*

4. We've talked about a number of things that initially attracted you to Healthcare Group. Did you compare Healthcare Group benefit plans with plans available from commercial carriers? What tipped the balance for you when you decided to join—what was the most important factor? Let's go around the table so that I hear from everyone on these two questions.
5. As you know, there is a requirement that a company "go bare" without commercial insurance prior to joining Healthcare Group. Was the bare period an issue for you?
6. Now I'd like to shift gears and talk about your experience since enrolling. What has kept you with Healthcare Group? *Probe for details without prompts; if not mentioned, ask about:*
  - a. *Products and coverage*
  - b. *Provider networks*
  - c. *Wanting to maintain coverage*
  - d. *Benefit of coverage to your business*
7. Let's talk about your level of satisfaction with the administrative aspects of Healthcare Group. What are your thoughts about:
  - a. The ease of administration?
  - b. Paperwork?
  - c. The re-enrollment process?
  - d. Member materials such as the Member Handbook and EOC, the Evidence of Coverage—were they useful tools in helping you understand and use your benefits? If not, what else would be helpful to you?
8. How would you describe your level of satisfaction with the contracted health plans? *Listen and probe for Customer Care perceptions.*
9. How would you describe your level of satisfaction with Healthcare Group overall? *Listen and probe for Customer Care perceptions.*
10. Developing budgets and managing costs are an important concern for most businesses. How, if at all, has the premium payment approach used by Healthcare Group affected your ability to budget health care coverage costs for future years?
11. What has been your experience with premium amounts and premium increases?
12. What has been your experience with co-payments and coinsurance?
13. How much of employees' premium do you contribute?

I'd like to stop at this point and ask you to fill out a brief written survey. Your answers to this survey are anonymous and will be kept strictly confidential at all times. Your answers will be combined with results from all the focus groups we conduct to produce a summary report.

*Allow time for completion then resume discussion.*

Now let's talk more about offering health care coverage to your employees.

14. What challenges do you face in maintaining Healthcare Group coverage? *Probe for details without prompts; if not mentioned, ask about:*
  - a. Cost
  - b. Prepayment
  - c. Competing priorities
15. What might cause you to terminate Healthcare Group coverage? *Probe for details without prompts; if not mentioned, ask about:*
  - a. Premium cost
  - b. Co-pay and coinsurance cost for medical benefits
  - c. Co-pay and coinsurance cost for pharmacy benefits
  - d. Cost to administer
  - e. Lack of staff to administer benefits
16. What do you think about the number of coverage options currently offered? *Probe for too many, too few, scope of services covered.*
17. What, if any, additional products and services would you like to see Healthcare Group offer? *Probe for details without prompts—participants have seen the list on the written survey (i.e., life insurance, disability insurance, chiropractic, dental PPO, behavioral health for HMO, Medicare supplemental insurance). Listen for what they bring up unprompted. Then ask:*  
 What are your thoughts about a limited benefit plan, one that pays a set dollar amount, and/or that provides for a certain number of doctor visits, emergency care, and possibly a certain number of hospital days.

What are your thoughts about a Point of Service product—a POS—that gives you access to two networks, one larger and one smaller? A POS can help members reduce their costs and help Healthcare Group control premium increases. This is sometimes called an Exclusive Provider Organization—EPO—or a Triple Option. Here’s how it works. Healthcare Group gets bigger discounts with smaller provider networks and can pass the savings on to members. If you choose to use a smaller network, the co-pay and coinsurance would be less than if you choose to use a larger network. What are your thoughts about this?

18. Now I’d like to ask about your familiarity with the connection between Healthcare Group and AHCCCS, the Arizona Health Care Cost Containment System. How would you describe the relationship between Healthcare Group and AHCCCS? *Listen for responses without prompts. If confusion is evident, say, “It’s not unusual for people to be confused. Healthcare Group is a state-sponsored health plan designed to offer the uninsured small businesses in Arizona reasonably priced health care coverage. It is not an AHCCCS plan. Healthcare Group functions as a separate health plan with oversight by the Director of AHCCCS.”* What value do you see in clearing up any confusion? How would you go about doing this?

19. Let's talk about the impact of offering health insurance on your business interests.

- a. Has providing insurance helped you find and retain quality employees?
- b. Has providing insurance helped you reduce sick days?
- c. Has providing insurance helped improve productivity?
- d. Has providing insurance helped improve your bottom line. *Probe for increased revenues, acceptable ROI.*

We're almost finished. To wrap up, I'd like you to take this piece of paper and rank the top three things that would keep you with Healthcare Group. Again, your answers are anonymous and confidential. While you're doing that, I'm going to check with our observers to see if they have any additional questions.

### **Conclusion**

*Ask any additional questions as requested by observers.*

As we finish, what else would you like to say about this topic that you have not had a chance to say already?

Thank you very much for your participation this [morning/afternoon]. Your comments have been extremely helpful and we very much appreciate your time. We have gift cards to express our appreciation.

## Healthcare Group of Arizona Written Survey

Your answers to this survey are anonymous and will be kept strictly confidential at all times. Your answers will be combined with results from all the focus groups we conduct to produce a summary report.

1. What is the biggest challenge facing your company at this time?
2. What is the main reason you offer health insurance to your employees?
3. How do you think health insurance premiums (rates) should be created? [Check only ONE box]
  - ☐ People who are sicker should pay more than people who are healthy.
  - ☐ People who use more services should pay more than people who use less.
  - ☐ What you pay should only be based on your age and sex.
  - ☐ What you pay should be based on how much you earn.
  - ☐ Everyone should pay the same amount.
4. How important do you think it is for your company's health insurance to offer benefits to your employees for:

	Very Important	Somewhat Important	Not Very Important	Not Important At All
Help with alcohol or drug abuse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Help with mental health problems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Help with marital or family problems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. People get information from many sources and we want to understand the communication mechanisms you are most likely to see, hear, read, or be convinced by. Please rank the following in order of importance. Please give a 1 to the most important, and rank the others as appropriate with 2 through 5, with 5 being least important:

\_\_\_\_\_ TV  
\_\_\_\_\_ Radio  
\_\_\_\_\_ Newspapers  
\_\_\_\_\_ Direct mailing  
\_\_\_\_\_ e-mail

6. In general, how would you say your health is?
- ☐ Poor
  - ☐ Fair
  - ☐ Good
  - ☐ Very Good
  - ☐ Excellent
7. Compared to one year ago, how would you say your health is now?
- ☐ Much Worse
  - ☐ Worse
  - ☐ About the Same
  - ☐ Better
  - ☐ Much Better
8. How interested would you be if Healthcare Group added chiropractic visits, with a \$20 co-pay, to your health plan if it would cost members an additional \$1.50 per month for the employee only or \$4.00 per month for family coverage?
- ☐ Very interested
  - ☐ Somewhat Interested
  - ☐ Not Very Interested
  - ☐ Not Interested at All
9. If you are enrolled in the HMO, how interested would you be if Healthcare Group added inpatient and outpatient mental health and substance abuse benefits to your health plan if it would cost members an additional \$7.00 per month for the employee only or \$24.50 per month for family coverage?
- ☐ Very interested
  - ☐ Somewhat Interested
  - ☐ Not Very Interested
  - ☐ Not Interested at All
  - ☐ Not enrolled in the HMO
10. How interested would you be if Healthcare Group added an optional dental PPO plan that included dentists in your area if it would cost \$30 per month for the employee only or \$95 per month for family coverage?
- ☐ Very interested
  - ☐ Somewhat Interested
  - ☐ Not Very Interested
  - ☐ Not Interested at All



11. How interested would you be if Healthcare Group added a life insurance option?
- ☐ Very interested
  - ☐ Somewhat Interested
  - ☐ Not Very Interested
  - ☐ Not Interested at All
12. How interested would you be if Healthcare Group added a short-term disability option?
- ☐ Very interested
  - ☐ Somewhat Interested
  - ☐ Not Very Interested
  - ☐ Not Interested at All
13. How interested would you be if Healthcare Group added a Medicare supplemental insurance option?
- ☐ Very interested
  - ☐ Somewhat Interested
  - ☐ Not Very Interested
  - ☐ Not Interested at All
14. Thinking about the quality of Healthcare Group overall and the cost of coverage, how would you describe the value received in relation to the money paid?
- ☐ Quality is much higher than cost
  - ☐ Quality is somewhat higher than cost
  - ☐ Quality is comparable to cost
  - ☐ Quality is somewhat lower than cost
  - ☐ Quality is a lot lower than cost
15. What is the size of your group?
- ☐ 1
  - ☐ 2-10
  - ☐ 11+
16. If your group size is two or more—what percentage of the premium is paid by the employer group?
- \_\_\_\_\_ %
17. How long have you been with Healthcare Group?
- ☐ Coverage effective before January 1, 2004
  - ☐ Coverage effective on January 1, 2004 or after

## **Healthcare Group of Arizona Written Survey**

Please tell us, in rank order, the top three things that would keep you with Healthcare Group of Arizona.

#1.

#2.

#3.

## **APPENDIX C: SELECTED FOCUS GROUP PARTICIPANT QUOTES**

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### **Affordability**

“As soon as I heard about HCG, I picked up the phone. I was like wow, this is almost too incredible. Is this right? There has to be something wrong with the services because this is so incredibly affordable. And we have been pleasantly surprised with the services.” (Tucson)

“I’m with University Physicians and they continue to grow in Tucson, so you have that flexibility to go to facilities that are modern, up-to-date, to doctors that all keep up with current trends, and that’s important. It’s so affordable you think they must be compromising services, and they’re not.” (Tucson)

“We did research and HCG was probably the last alternative that our company had as a way of keeping people insured.” (Tucson)

“The good news is that it’s a great product and it certainly is less expensive. It’s simplified our entire company’s life. It’s given me a month of my life back each year because we don’t have to shop. I just keep going.” (Tucson)

“We want to be able to provide insurance to our employees. The legislature needs to know how important this is to all of us because without it, they would have a lot more people on AHCCCS.” (Phoenix)

“If it weren’t for this, our employees in all probability would not have health insurance.” (Prescott)

### **Employee Recruitment and Retention**

“It allows us to attract and keep better people.” (Tucson)

“From a purely business standpoint, the quality of lowest rung employee base in this community is diminishing significantly, the fact of life is that it’s good business to have insurance, because it’s leverage that a business owner uses to ensure that he gets the pick of the crop, especially in service organizations.” (Prescott)

“I think that being a small employer, it’s really nice that you can have the same benefits as a large company with a selection of plans. I’m in finance and competing with bankers and large companies that have a lot of money. That is a really nice draw.” (Tucson)

“Offering health insurance has had a positive effect on our business’ bottom line. We can attract better quality new employees if they know they have access to health programs. (Tucson)

“I think providing a health care program will almost assure it won’t be a question of health that causes employees to move on, but without health insurance, they will move on.” (Tucson)

### **New Company Growth**

“Being a new employer here and starting up and wanting to have a group plan and wanting to grow into it—Healthcare Group was just the perfect way to go.” (Tucson)

## **Accepting New Members with Preexisting Conditions**

“It takes a lot of pressure off the personnel hiring process—I mean a lot. I don’t want to feel guilty when I make a decision not to hire a better employee because that person has divulged a medical condition. I don’t want to have to make that kind of decision.” (Tucson)

## **Coverage**

“I’ve been on this plan a long time and in the most recent years the plans have expanded and become a lot better and offer a lot more. I’m very, very satisfied with Healthcare Group.” (Tucson)

“We’ve had excellent coverage, excellent response, billings that have been paid promptly, etc. So I haven’t even had an inclination to say, ‘There’s got to be something better, let me go get it.’” (Phoenix)

“The number of coverage options is great at this point. It’s not confusing. There are not way too many options where people say, ‘I don’t understand why this is this way and this is this way.’ It’s relatively easy for them to pick what they want.” (Tucson)

“I like that there’s options and not every employee has to choose the same. It’s customized kind of for what your needs are. If you have high medical bills you can choose this. If you never go to the doctor you can choose the less expensive. That works really well for us because not everybody can afford the higher.” (Phoenix)

“A mental health option would be important, especially assistance with alcohol and drug abuse would be a lot of help. One the one hand, as employers we’re responsible for keeping our sites drug-free, but on the other hand, there is not a lot of support that some of these employees can afford unless you’re directing them to AA.” (Tucson)

## **Premiums**

“The best thing about the program for us has been that the rates are reasonably stable. They’ve gone up, which is acceptable, but they’ve gone up within a reasonable norm. Our previous policies were going up 50 percent and 75 percent a year. You could not predict in any way, shape, or form how it was going to affect your business.” (Tucson)

## **Customer Service/Paperwork**

“We love you guys!” (Prescott)

“When I was having a serious medical problem Healthcare Group was there for me and we lived through the whole process. I still feel that Healthcare Group is there for the customer and we are what they exist for and they recognize that.” (Phoenix)

“Customer service has been very good. My employees don’t come and complain to us very often and when we’ve needed help, HCG has been very responsive.” (Tucson)

“Several years ago, the customer service wasn’t the greatest. It definitely has improved over time.” (Prescott)

“All along the way, everyone we’ve talked to has been wonderful.” (Prescott)

[The renewal process has improved.] “As a matter of fact I called and said, ‘What am I missing?’ because it was so simplified from what it had been. Somebody deserves an A-plus for that.” (Phoenix)

## **“AHCCCS Stigma”**

“Doctors need to be educated that HCG doesn’t use tax dollars and that we pay premiums. There is a time and place for AHCCCS, but as a business person who works hard, I don’t appreciate being looked at as a poor charitable case when I walk into the doctor and have a nurse or front office person say, ‘Oh, they’re AHCCCS.’ And they make it loud, public, and for the whole lobby to hear. That’s a little bit of a dignity blow or an embarrassment. I employ people and pay taxes and am not an AHCCCS candidate. I would really like to see a better distinction made between HCG and AHCCCS. We’re paying to make it work.” (Tucson)

“The perception that HCG and AHCCCS are the same is a medical community issue. Differentiation should be made. However, the real problem is probably the medical community in their prejudice towards people who are on AHCCCS, which is wrong.” (Phoenix)

“I’ve had a young girl who is a rather new employee go to a doctor’s office and was told, ‘We only take one or two of your kind [meaning AHCCCS].’ I was horrified. That’s not necessary.” (Phoenix)

“[The name Healthcare Group on the card] doesn’t matter. When I called in [to the doctor’s office] I said I was Healthcare Group of Arizona. I never said Care1st. Then after I filled out my paperwork and took out my card for them to copy it, she took one look at the Care1st and said, ‘You’re on AHCCCS.’” (Phoenix)

“Higher [HCG] visibility in the community is important. They did that for a long while and then they drew back. I don’t know what the philosophy was, whether they were regrouping themselves. I do know for a fact that they are beginning another outreach process of their development. It will make a difference on how the physicians see it if they are familiar with Healthcare Group as a business insurance plan.” (Phoenix)

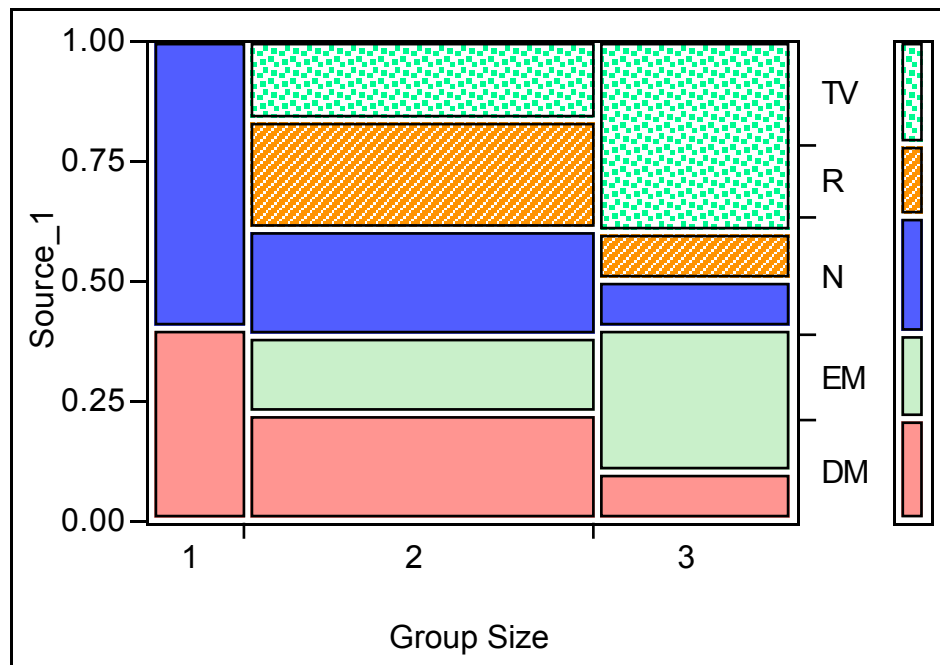
## APPENDIX D: WRITTEN SURVEY FINDINGS AND ANALYSES

Focus group participants were asked to complete a written survey during the session. Findings are presented in this appendix; a Table of Contents is presented on the following page. The text of each question is italicized.

The 33 focus group participants were an opportunistic sample drawn from a broad cross-section of Healthcare Group of Arizona small employer groups.

Analyses of responses to a given question by another factor, for example, the analysis of Most Important Communication Mechanism by Group Size (Sample Figure A), are presented graphically as a mosaic chart. The width of each bar reflects the proportion of respondents in each group size category (in this example, 1, 2-10, and 11+). The height of each bar represents the proportion of responses for each communication mechanism (TV, radio, newspaper, direct mail, and e-mail). The number of responses in each category (e.g., the number of respondents with a group size of 1 that said that direct mail is most important) is displayed in a table below the mosaic chart.

**Sample Figure A**



Group Size	Direct Mail	E-mail	Newspaper	Radio	TV	Totals
1 = 1	2	0	3	0	0	5
2 = 2-10	4	3	4	4	3	18
3 = 11+	1	3	1	1	4	10
<b>Totals</b>	<b>7</b>	<b>6</b>	<b>8</b>	<b>5</b>	<b>7</b>	<b>33</b>

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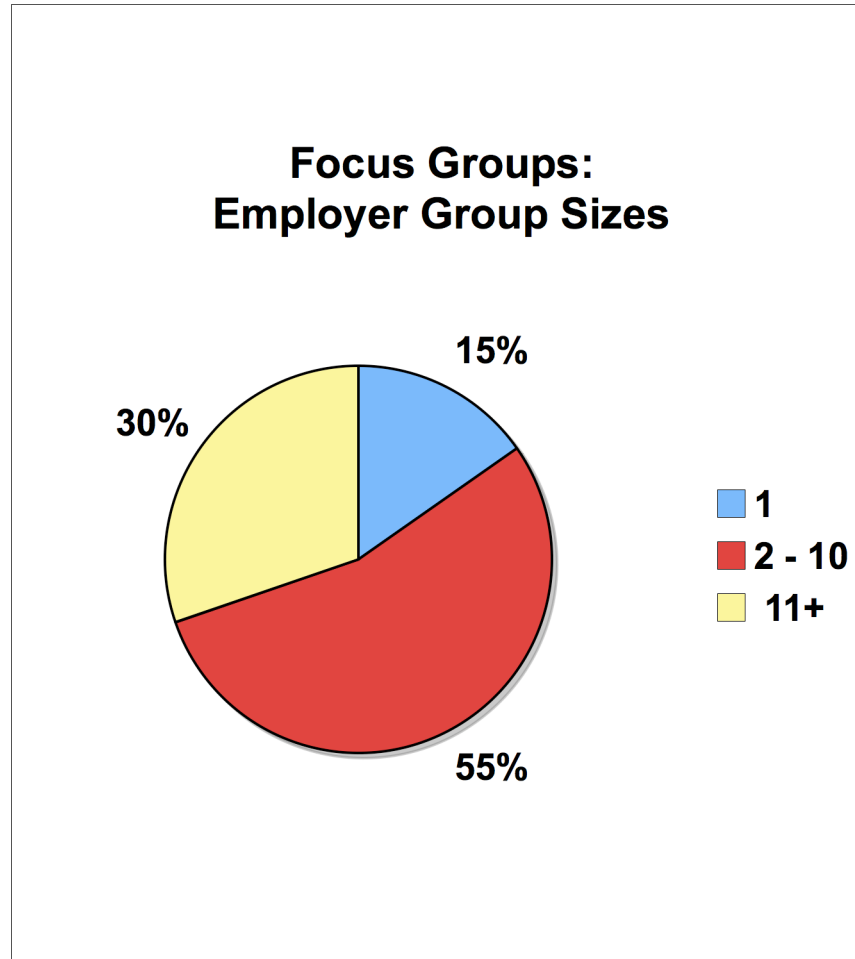
## Employer Group Size (Figure 1)

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*(Q 15) What is the size of your group?*

Five of the focus group participants were self-employed (one employee), 18 participants represented employer groups with two to 10 employees, and 10 participants represented groups with 11 or more employees.

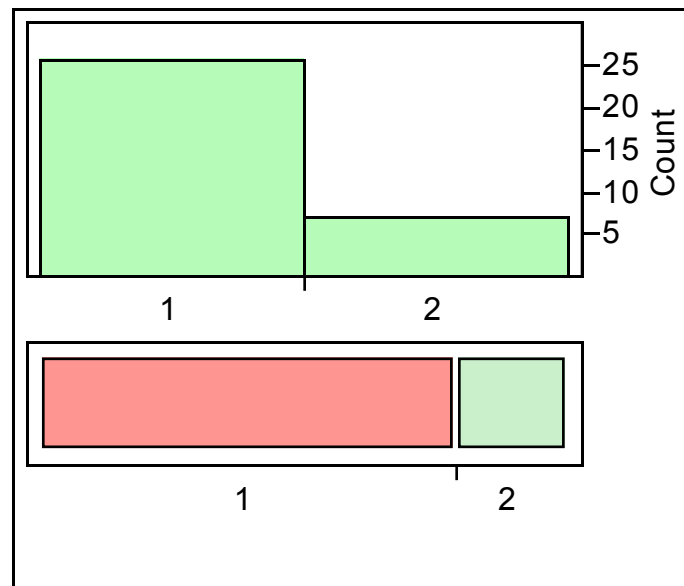
**Figure 1**



## Tenure with Healthcare Group (Figure 2)

*(Q 17) How long have you been with Healthcare Group—coverage effective before January 1, 2004, or on January 1, 2004, or after?*

**Figure 2**



**Frequencies**

Response	Count
1—Coverage effective before January 1, 2004	26
2—Coverage effective on January 1, 2004 or after	7
Total	33

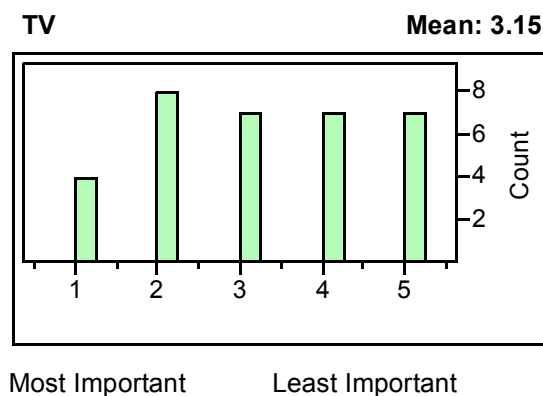
## Importance of Communication Mechanisms (Figures 3a-3g)

*(Q 5) People get information from many sources and we want to understand the communication mechanisms you are most likely to see, hear, read, or be convinced by. Please rank the following in order of importance. Please give a 1 to the most important, and rank the others as appropriate with 2 through 5, with 5 being least important.*

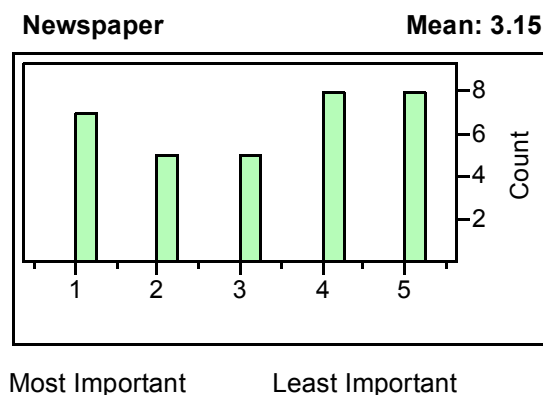
Note the variation in the distribution of scores, even though the means show little difference among four of the five communication mechanisms. In the bar charts below, 1 represents the most important and 5 the least important.

To calculate means, scores were weighted, with the most important mechanism receiving five points, the second most important four points, the third most important three points, the fourth most important two points, and the least important one point.

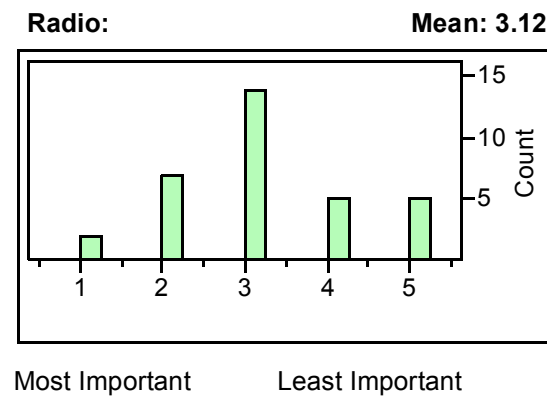
**Figure 3a**



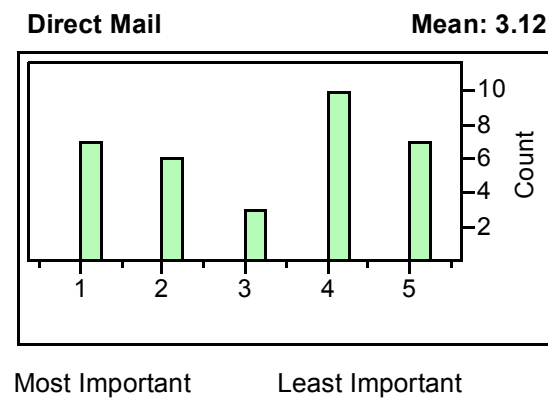
**Figure 3b**



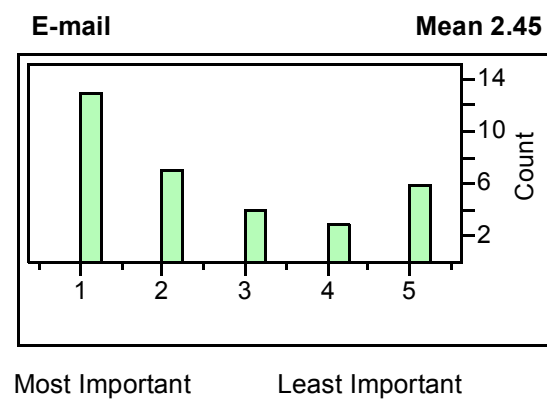
**Figure 3c**



**Figure 3d**

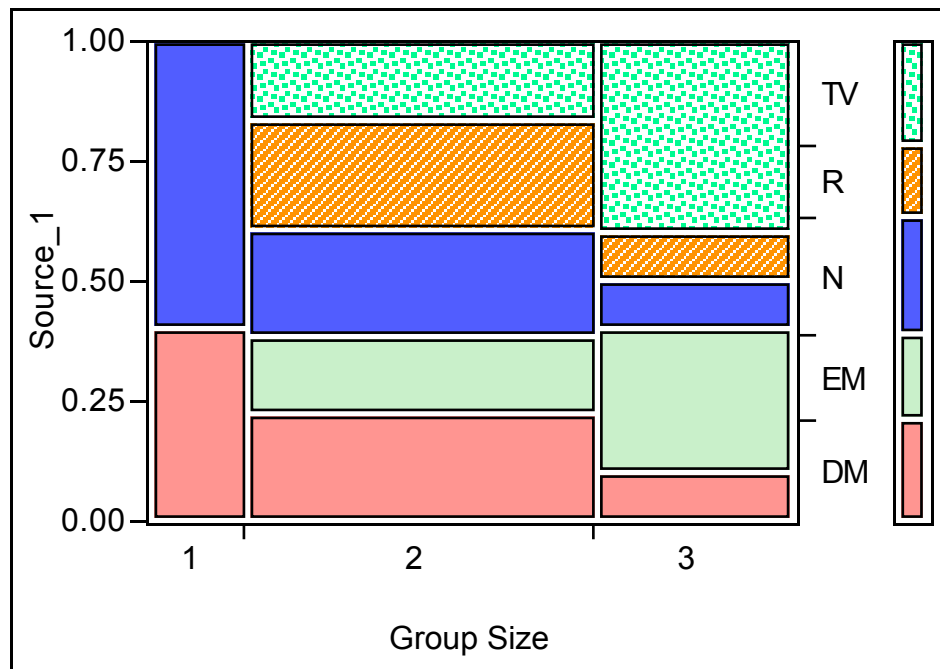


**Figure 3e**



## Analysis of Most Important Communication Mechanism by Group Size

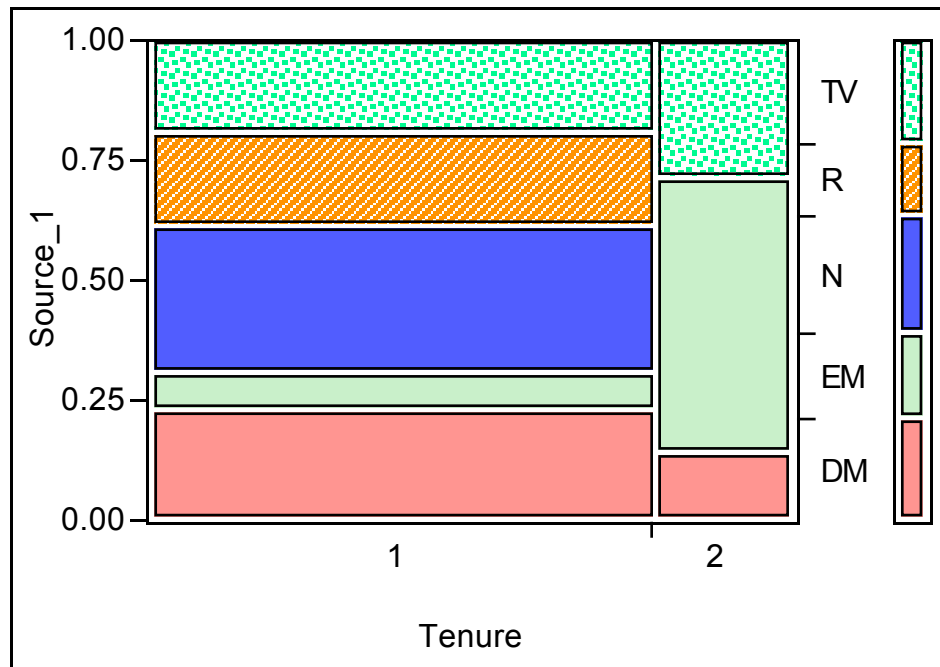
Figure 3f



Group Size	Direct Mail	E-mail	Newspaper	Radio	TV	Totals
1 = 1	2	0	3	0	0	5
2 = 2-10	4	3	4	4	3	18
3 = 11+	1	3	1	1	4	10
<b>Totals</b>	7	6	8	5	7	33

## Analysis of Most Important Communication Mechanism by Tenure

Figure 3g



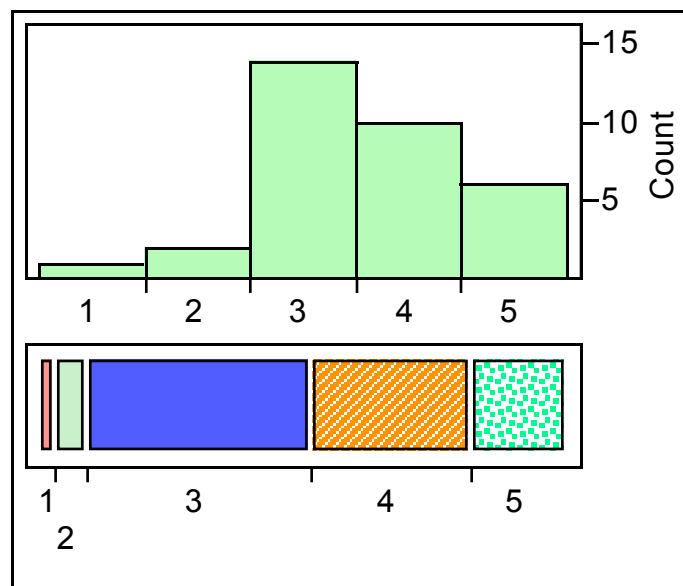
Tenure	Direct Mail	E-mail	Newspaper	Radio	TV	Totals
1 = Before 1/1/04	6	2	8	5	5	26
2 = On/After 1/1/04	1	4	0	0	2	7
<b>Totals</b>	<b>7</b>	<b>6</b>	<b>8</b>	<b>5</b>	<b>7</b>	<b>33</b>

## Health Status of Focus Group Participants (Figures 4a-4c)

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*(Q 6) In general, how would you say your health is?*

**Figure 4a**



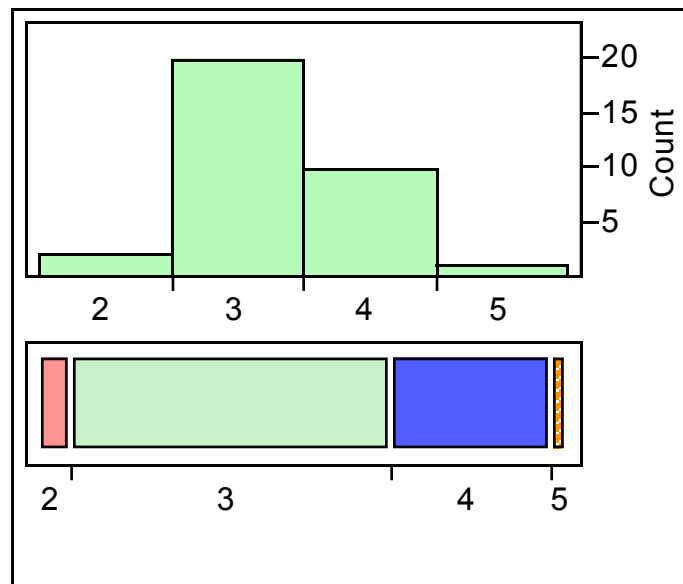
**Frequencies**

Response	Count
1—Poor	1
2—Fair	2
3—Good	14
4—Very Good	10
5—Excellent	6
Total	33

## Change in Health Status of Focus Group Participants

*(Q 7) Compared to one year ago, how would you say your health is now?*

Figure 4b



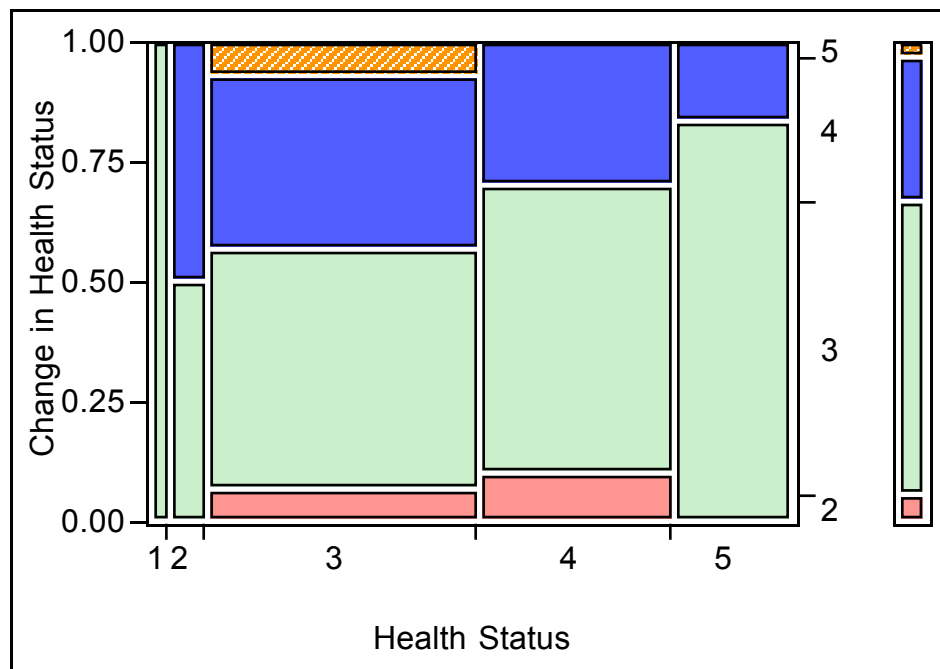
Frequencies

Response	Count
1—Much Worse	—
2—Worse	2
3—About the Same	20
4—Better	10
5—Much Better	1
Total	33



## Analysis of Change in Health Status from One Year Ago by Current Health Status

Figure 4c

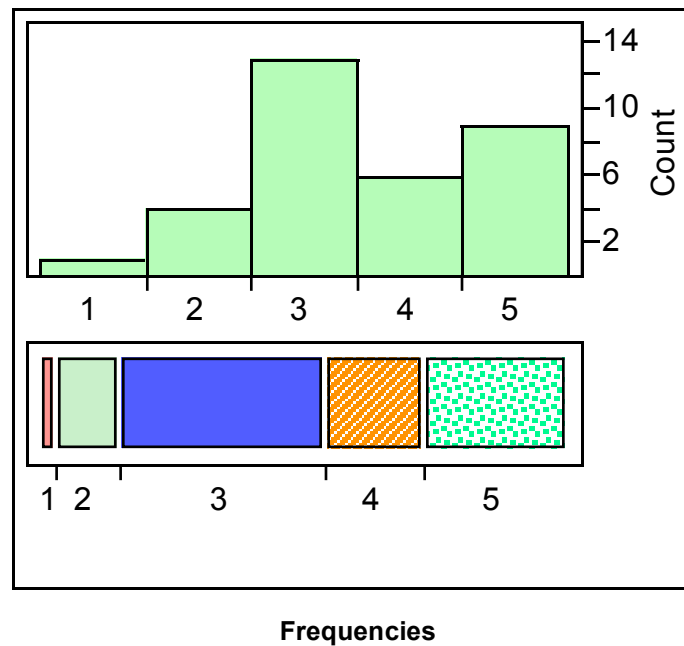


Current Health Status	Change in Health Status Compared to One Year Ago					Totals
	1 Much Worse	2 Worse	3 About the Same	4 Better	5 Much Better	
1—Poor	—	0	1	0	0	1
2—Fair	—	0	1	1	0	2
3—Good	—	1	7	5	1	14
4—Very Good	—	1	6	3	0	10
5—Excellent	—	0	5	1	0	6
<b>Totals</b>	—	2	20	10	1	33

## Preferred Premium Rate Structure (Figures 5a-5c)

*(Q 3) How do you think health insurance premiums (rates) should be created?  
[Check only ONE box.]*

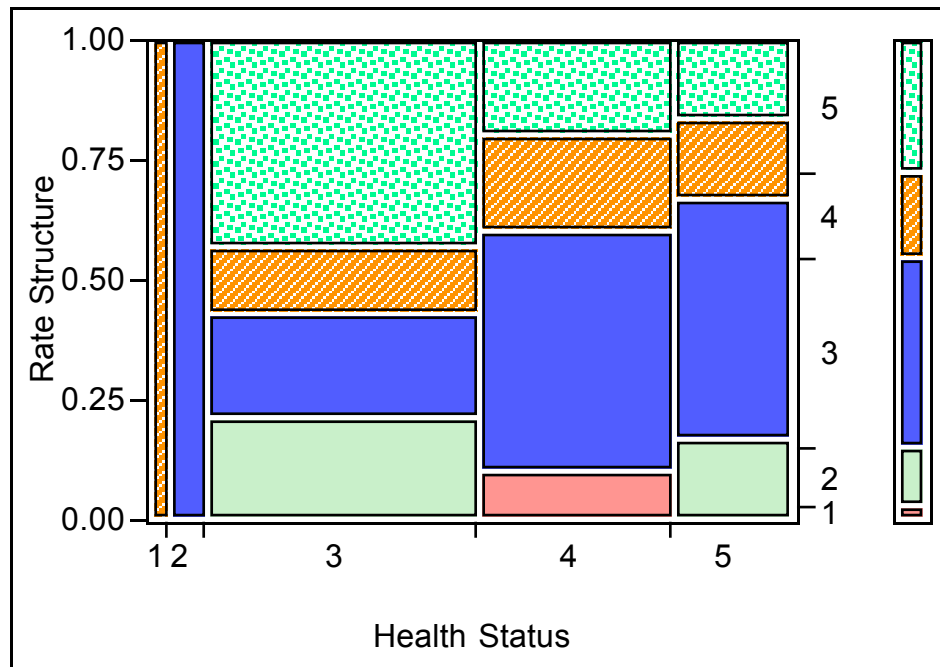
**Figure 5a**



Response	Count
1—People who are sicker should pay more than people who are healthy.	1
2—People who use more services should pay more than people who use less.	4
3—What you pay should be based on your age and sex.	13
4—What you pay should be based on how much you earn.	6
5—Everyone should pay the same amount.	9
Total	33

## Analysis of Preferred Premium Rate Structure by Health Status

Figure 5b



Health Status	Preferred Rate Structure*					Totals
	1	2	3	4	5	
1—Poor	0	0	0	1	0	1
2—Fair	0	0	2	0	0	2
3—Good	0	3	3	2	6	14
4—Very Good	1	0	5	2	2	10
5—Excellent	0	1	3	1	1	6
<b>Totals</b>	1	4	13	6	9	33

\* Preferred Rate Structure

1—People who are sicker should pay more than people who are healthy.

2—People who use more services should pay more than people who use less.

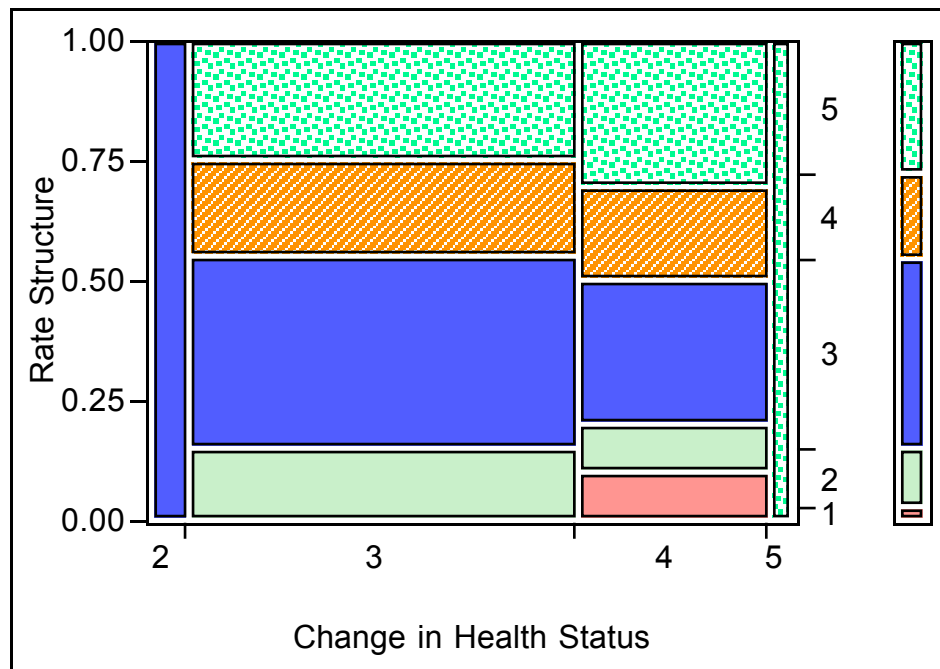
3—What you pay should only be based on your age and sex.

4—What you pay should be based on how much you earn.

5—Everyone should pay the same amount.

## Analysis of Preferred Premium Rate Structure by Change in Health Status

Figure 5c



Change in Health Status Compared to One Year Ago	Preferred Rate Structure*					Totals
	1	2	3	4	5	
1—Much Worse	—	—	—	—	—	—
2—Worse	0	0	2	0	0	2
3—About the Same	0	3	8	4	5	20
4—Better	1	1	3	2	3	10
5—Much Better	0	0	0	0	1	1
<b>Totals</b>	1	4	13	6	9	33

\* Preferred Rate Structure

1—People who are sicker should pay more than people who are healthy.

2—People who use more services should pay more than people who use less.

3—What you pay should only be based on your age and sex.

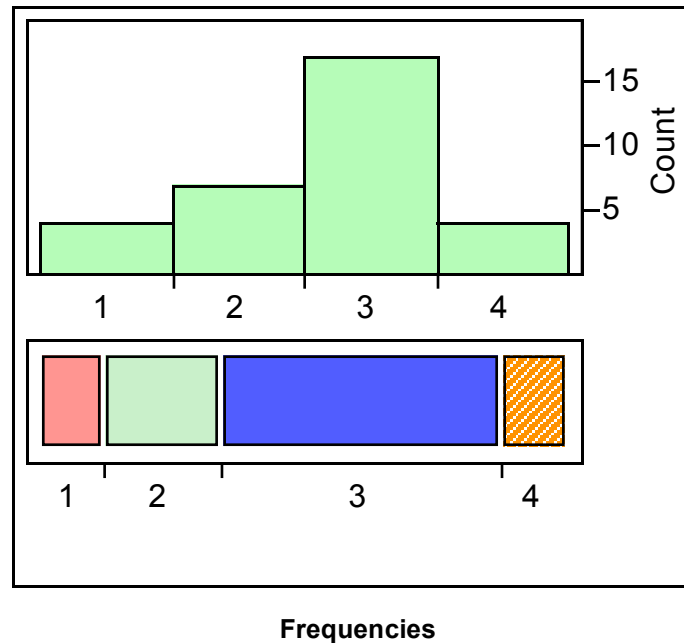
4—What you pay should be based on how much you earn.

5—Everyone should pay the same amount.

## Value of Healthcare Group Coverage (Figures 6a-6d)

*(Q 14) Thinking about the quality of Healthcare Group overall and the cost of coverage, how would you describe the value received in relation to the money paid?*

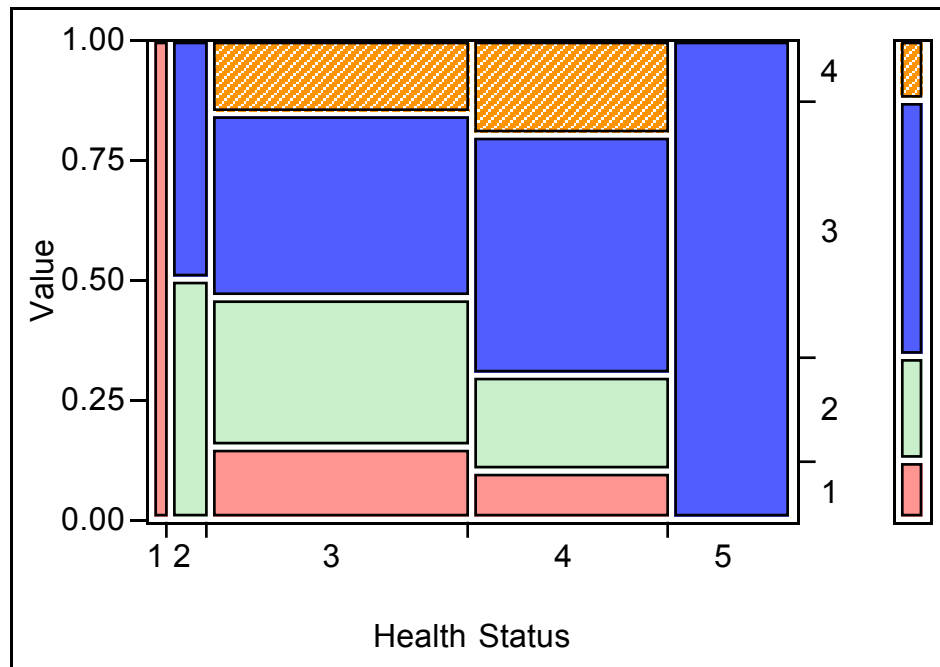
**Figure 6a**



Response	Count
1—Quality is much higher than cost.	4
2—Quality is somewhat higher than cost.	7
3— Quality is comparable to cost.	17
4— Quality is somewhat lower than cost.	4
5— Quality is a lot lower than cost.	0
Total	32

## Analysis of Value Perception by Health Status

Figure 6b



Health Status	Value Perception*					Totals
	1	2	3	4	5	
1—Poor	1	0	0	0	—	1
2—Fair	0	1	1	0	—	2
3—Good	2	4	5	2	—	13
4—Very Good	1	2	5	2	—	10
5—Excellent	0	0	6	0	—	6
<b>Totals</b>	4	7	17	4	—	32

\* Value Perception

1—Quality is much higher than cost

2—Quality is somewhat higher than cost

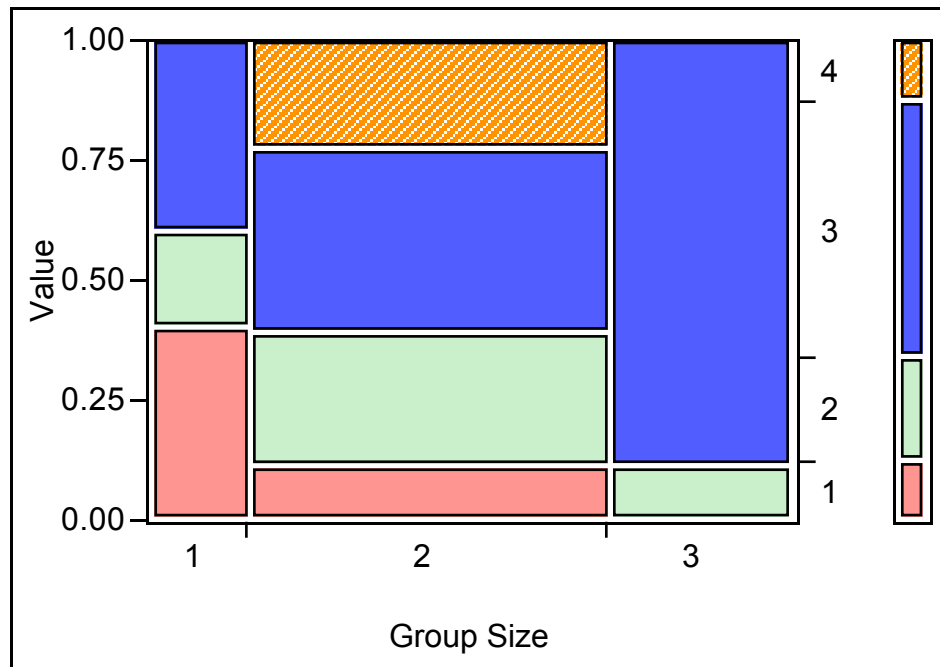
3—Quality is comparable to cost

4—Quality is somewhat lower than cost

5—Quality is a lot lower than cost

## Analysis of Value Perception by Group Size

Figure 6c

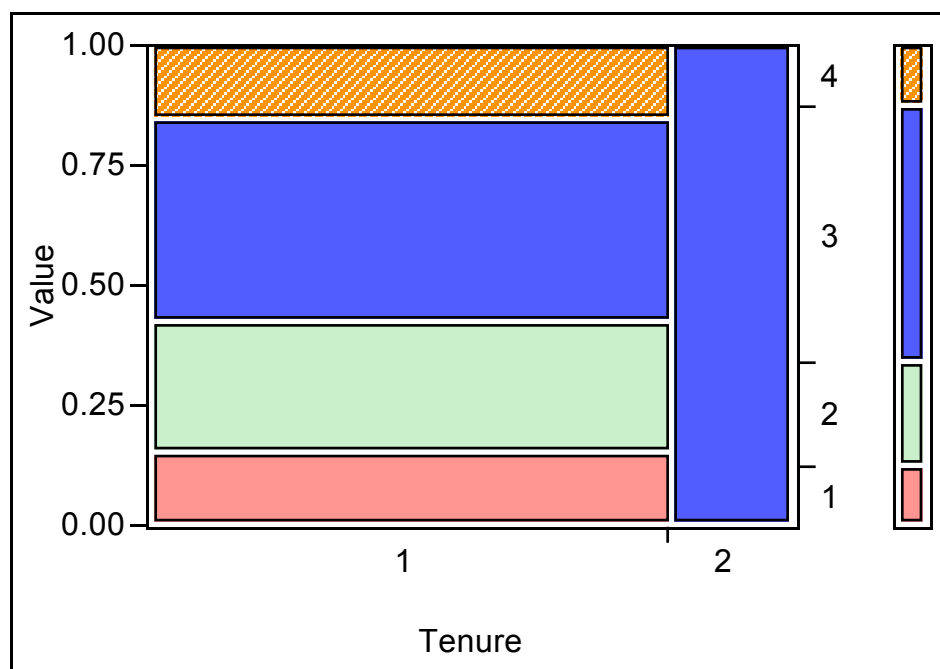


Group Size	Value Perception*					Totals
	1	2	3	4	5	
1 = 1	1	2	3	4	—	5
2 = 2-10	2	1	2	0	—	18
3 = 11+	2	5	7	4	—	9
<b>Totals</b>	0	1	8	0	—	32

\* Value Perception  
 1—Quality is much higher than cost  
 2—Quality is somewhat higher than cost  
 3—Quality is comparable to cost  
 4—Quality is somewhat lower than cost  
 5—Quality is a lot lower than cost

## Analysis of Value Perception by Tenure

Figure 6d



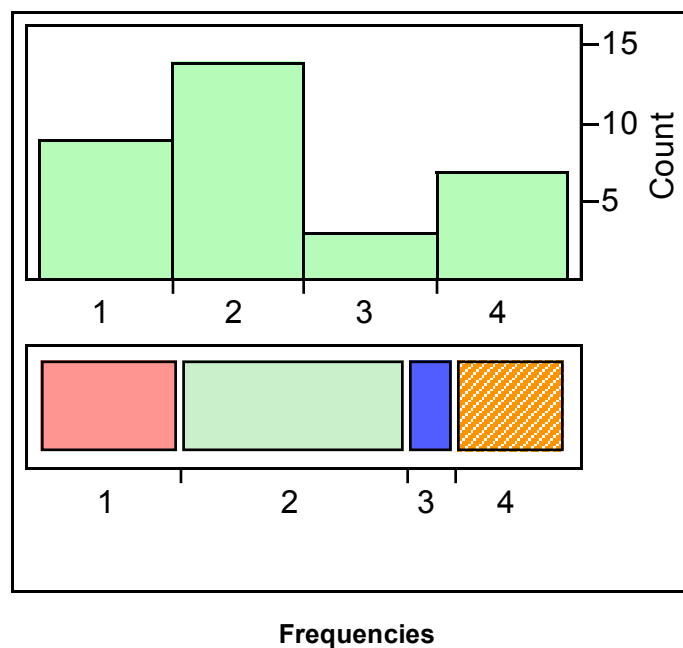
Tenure	Value Perception*					Totals
	1	2	3	4	5	
1 = Before 1/1/04	4	7	11	4	—	26
2 = On/After 1/1/04	0	0	6	0	—	6
<b>Totals</b>	4	7	17	4	—	32
* Value Perception 1—Quality is much higher than cost 2—Quality is somewhat higher than cost 3—Quality is comparable to cost 4—Quality is somewhat lower than cost 5—Quality is a lot lower than cost						



## Importance of Substance Abuse Benefits (Figures 7a-7b)

*(Q 4a) How important do you think it is for your company's health insurance to offer benefits to your employees for help with alcohol or drug abuse?*

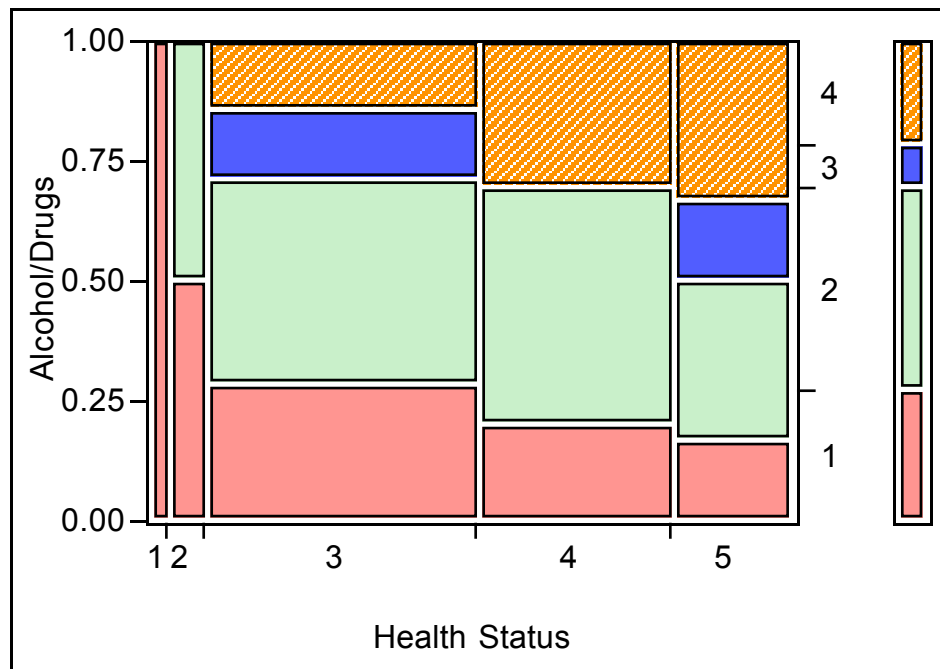
**Figure 7a**



Response	Count
1—Very Important	9
2—Somewhat Important	14
3—Not Very Important	3
4—Not Important at All	7
Total	33

## Analysis of Importance of Substance Abuse Benefits by Health Status

Figure 7b

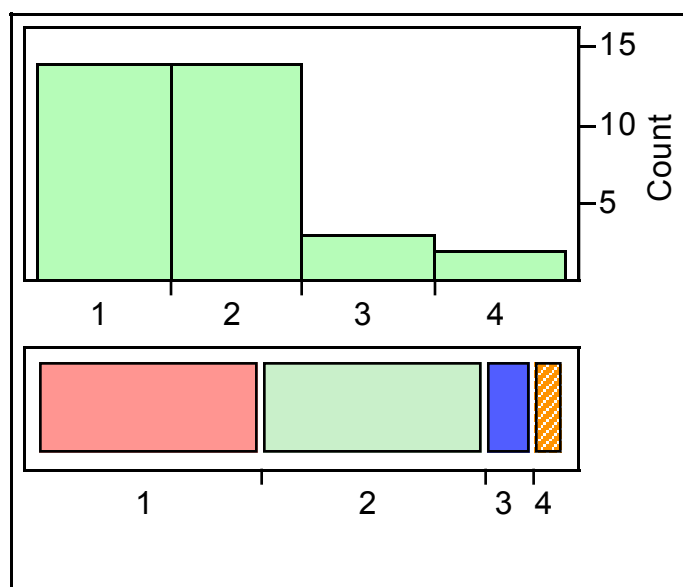


Health Status	Importance of Substance Abuse Benefits				Totals
	1 Very Important	2 Somewhat Important	3 Not Very Important	4 Not Impt. At All	
1—Poor	1	0	0	0	1
2—Fair	1	1	0	0	2
3—Good	4	6	2	2	14
4—Very Good	2	5	0	3	10
5—Excellent	1	2	1	2	6
<b>Totals</b>	9	14	3	7	33

## Importance of Mental Health Benefits (Figures 8a-8b)

*(Q 4b) How important do you think it is for your company's health insurance to offer benefits to your employees for help with mental health problems?*

**Figure 8a**

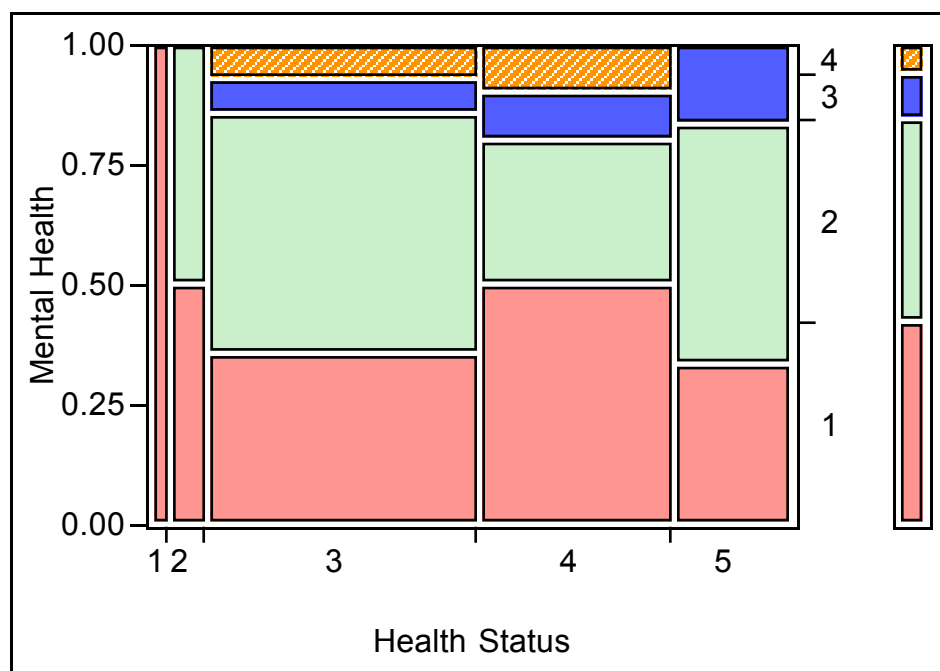


### Frequencies

Response	Count
1—Very Important	14
2—Somewhat Important	14
3—Not Very Important	3
4—Not Important at All	2
Total	33

## Analysis of Importance of Mental Health Benefits by Health Status

Figure 8b

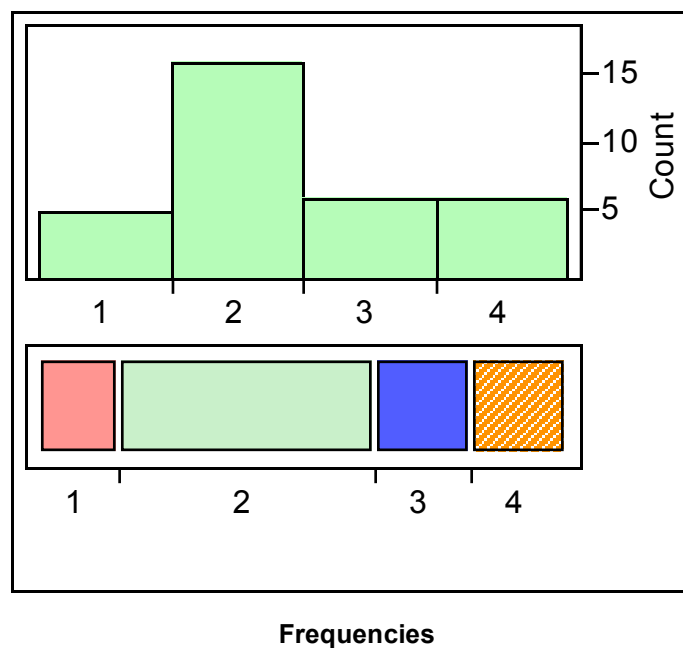


Health Status	Importance of Mental Health Benefits				Totals
	1 Very Important	2 Somewhat Important	3 Not Very Important	4 Not Impt. At All	
1—Poor	1	0	0	0	1
2—Fair	1	1	0	0	2
3—Good	5	7	1	1	14
4—Very Good	5	3	1	1	10
5—Excellent	2	3	1	0	6
<b>Totals</b>	<b>14</b>	<b>14</b>	<b>3</b>	<b>2</b>	<b>33</b>

## Importance of Marital/Family Counseling Benefits (Figures 9a-9b)

*(Q 4c) How important do you think it is for your company's health insurance to offer benefits to your employees for help with marital or family problems?*

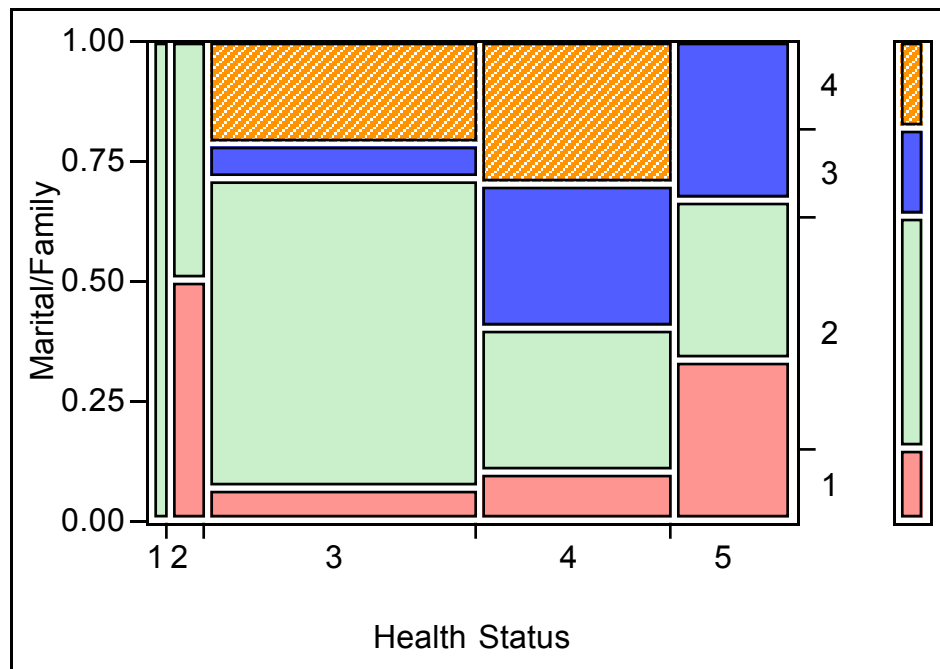
**Figure 9a**



Response	Count
1—Very Important	5
2—Somewhat Important	16
3—Not Very Important	6
4—Not Important at All	6
Total	33

## Analysis of Importance of Marital/Family Counseling Benefits by Health Status

Figure 9b

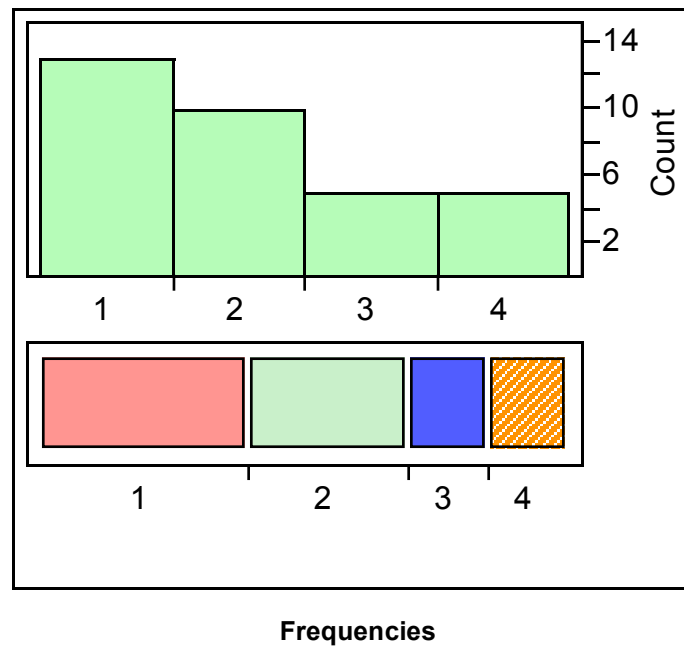


Health Status	Importance of Marital/Family Counseling				Totals
	1 Very Important	2 Somewhat Important	3 Not Very Important	4 Not Impt. At All	
1—Poor	0	1	0	0	1
2—Fair	1	1	0	0	2
3—Good	1	9	1	3	14
4—Very Good	1	3	3	3	10
5—Excellent	2	2	2	0	6
<b>Totals</b>	<b>5</b>	<b>16</b>	<b>6</b>	<b>6</b>	<b>33</b>

## Interest in Chiropractic Coverage (Figures 10a-10d)

*(Q 8) How interested would you be if Healthcare Group added chiropractic visits, with a \$20 co-pay, to your health plan if it would cost members an additional \$1.50 per month for the employee only or \$4.00 per month for family coverage?*

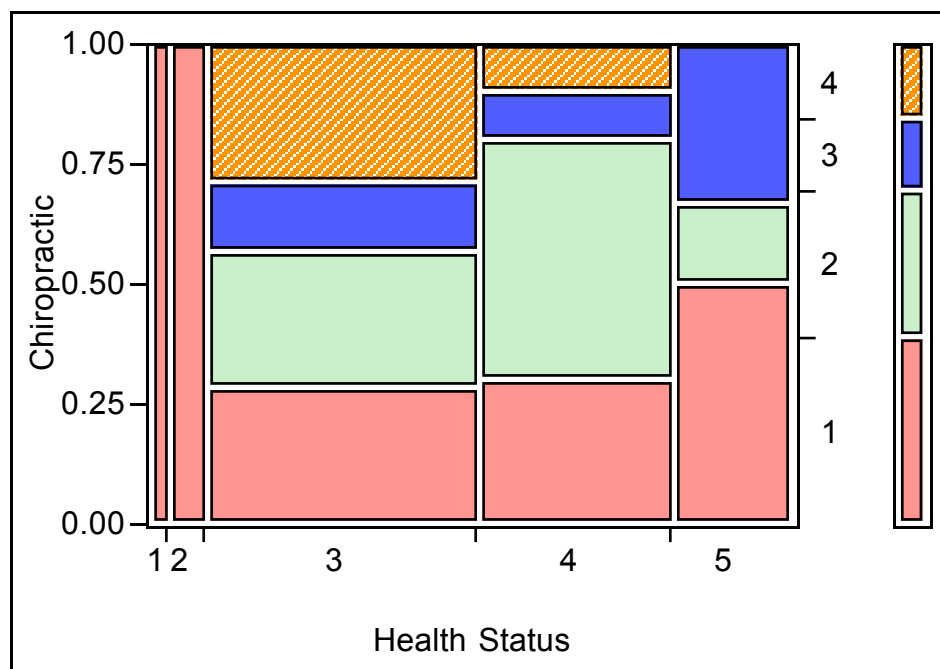
**Figure 10a**



Response	Count
1—Very Interested	13
2—Somewhat Interested	10
3—Not Very Interested	5
4—Not Interested at All	5
Total	33

## Analysis of Interest in Chiropractic Coverage by Health Status

Figure 10b

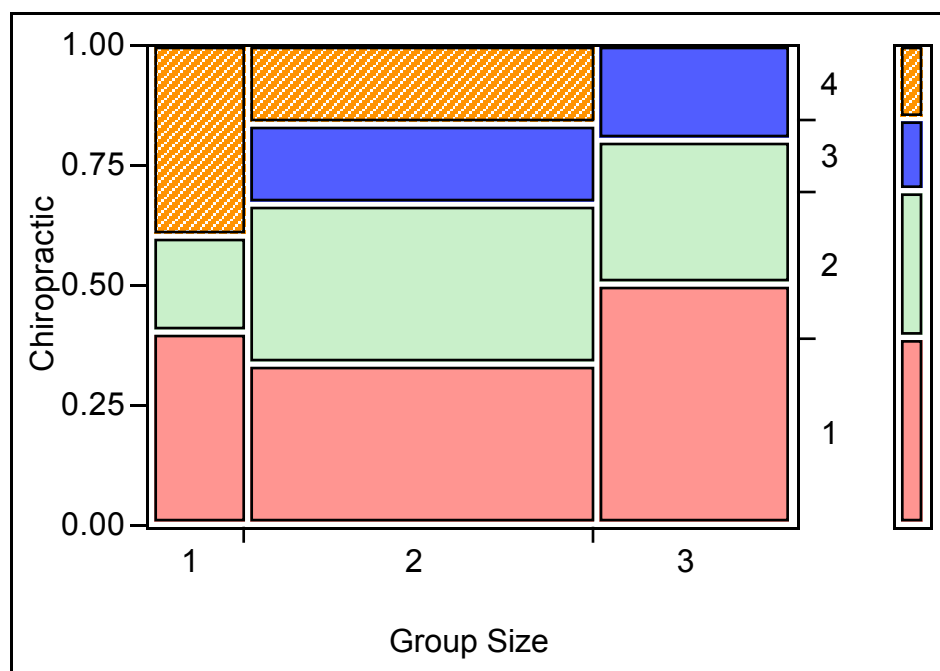


Health Status	Interest in Chiropractic Coverage				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1—Poor	1	0	0	0	1
2—Fair	2	0	0	0	2
3—Good	4	4	2	4	14
4—Very Good	3	5	1	1	10
5—Excellent	3	1	2	0	6
<b>Totals</b>	13	10	5	5	33



## Analysis of Interest in Chiropractic Coverage by Group Size

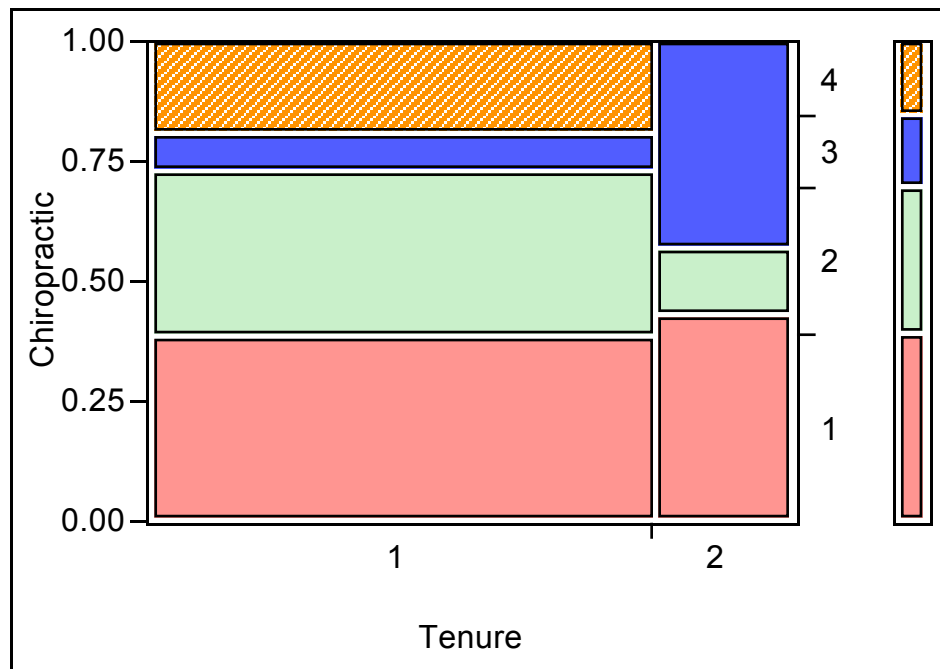
Figure 10c



Group Size	Interest in Chiropractic Coverage				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1 = 1	2	1	0	2	5
2 = 2-10	6	6	3	3	18
3 = 11+	5	3	2	0	10
<b>Totals</b>	13	10	5	5	33

## Analysis of Interest in Chiropractic Coverage by Tenure

Figure 10d

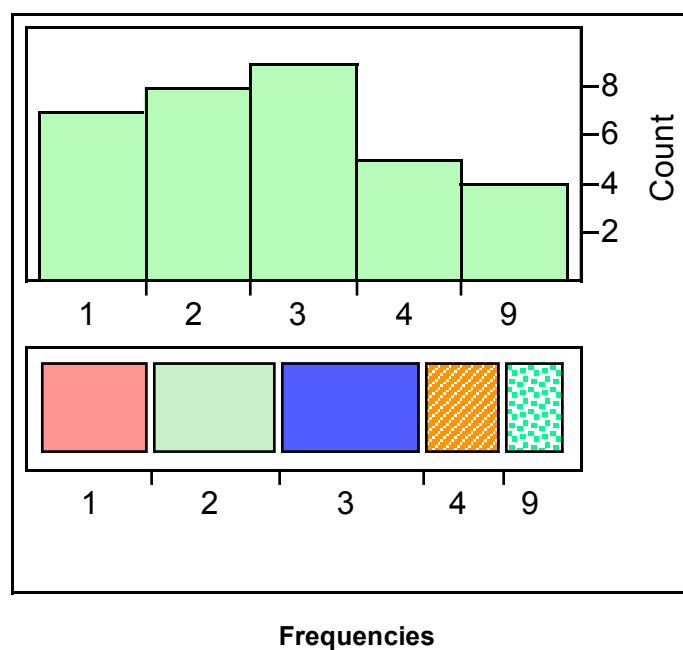


Tenure	Interest in Chiropractic Coverage				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1 = Before 1/1/04	10	9	2	5	26
2 = On/After 1/1/04	3	1	3	0	7
<b>Totals</b>	13	10	5	5	33

## Interest in Mental Health and Substance Abuse Coverage (Figures 11a-11d)

*(Q 9) If you are enrolled in the HMO, how interested would you be if Healthcare Group added inpatient and outpatient mental health and substance abuse benefits to your health plan if it would cost members an additional \$7.00 per month for the employee only or \$24.50 per month for family coverage?*

**Figure 11a**



Response	Count
1—Very Interested	7
2—Somewhat Interested	8
3—Not Very Interested	9
4—Not Interested at All	5
9—Not Enrolled in the HMO	4
Total	33

## Analysis of Interest in Mental Health and Substance Abuse Coverage by Health Status

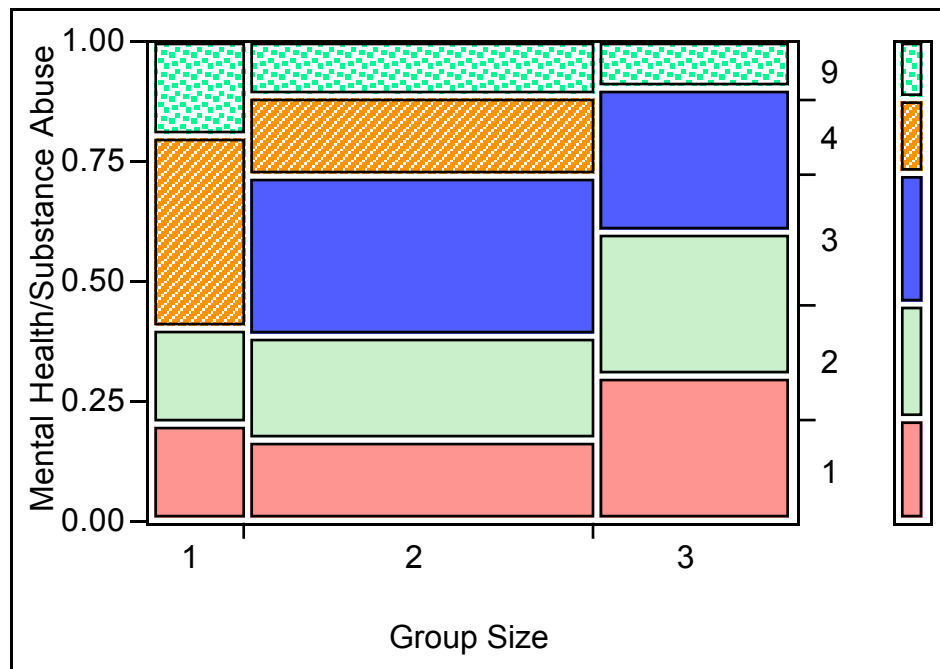
Figure 11b



Health Status	Interest in Mental Health/Substance Abuse Coverage				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1—Poor	0	0	1	0	1
2—Fair	0	1	1	0	2
3—Good	6	3	1	2	12
4—Very Good	0	2	4	2	8
5—Excellent	1	2	2	1	6
<b>Totals</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>5</b>	<b>29</b>

## Analysis of Interest in Mental Health and Substance Abuse Coverage by Group Size

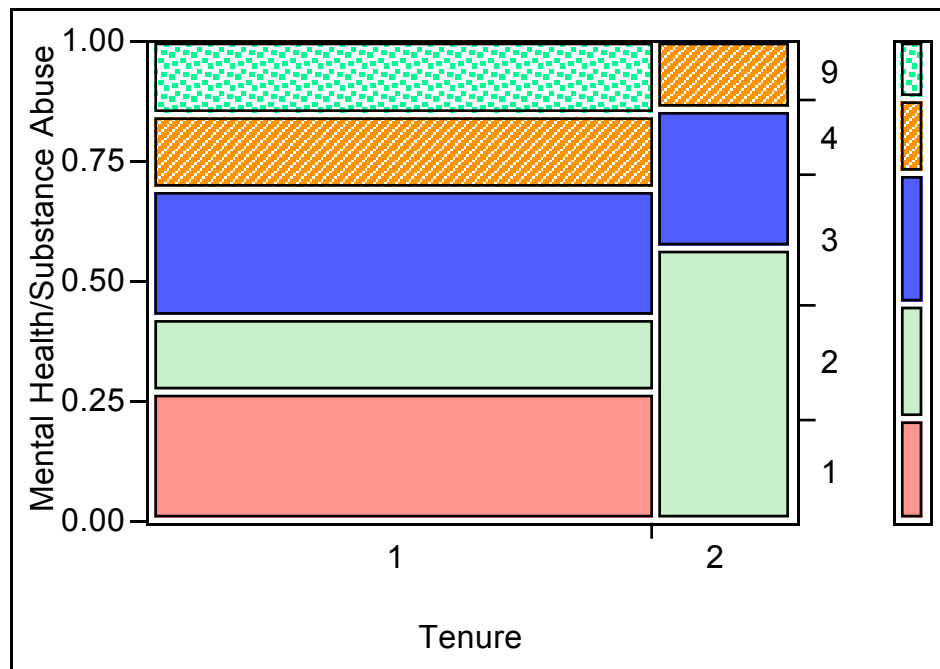
Figure 11c



Group Size	Interest in Mental Health/Substance Abuse Coverage				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1 = 1	1	1	0	2	4
2 = 2-10	3	4	6	3	16
3 = 11+	3	3	3	0	9
<b>Totals</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>5</b>	<b>29</b>

## Analysis of Interest in Mental Health and Substance Abuse Coverage by Tenure

Figure 11d

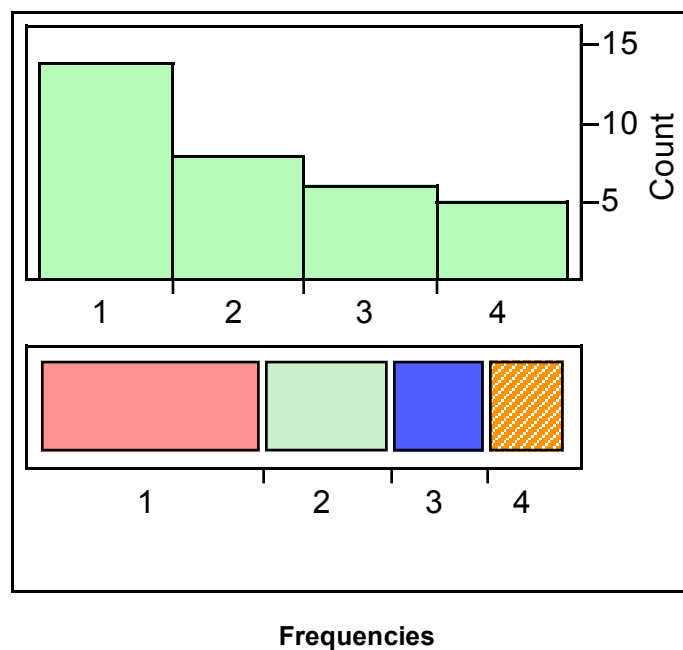


Tenure	Interest in Mental Health/Substance Abuse Coverage				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1 = Before 1/1/04	7	4	7	4	22
2 = On/After 1/1/04	0	4	2	1	7
<b>Totals</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>5</b>	<b>29</b>

## Interest in Optional Dental PPO (Figures 12a-12d)

*(Q 10) How interested would you be if Healthcare Group added an optional dental PPO plan that included dentists in your area if it would cost \$30 per month for the employee only or \$95 per month for family coverage?*

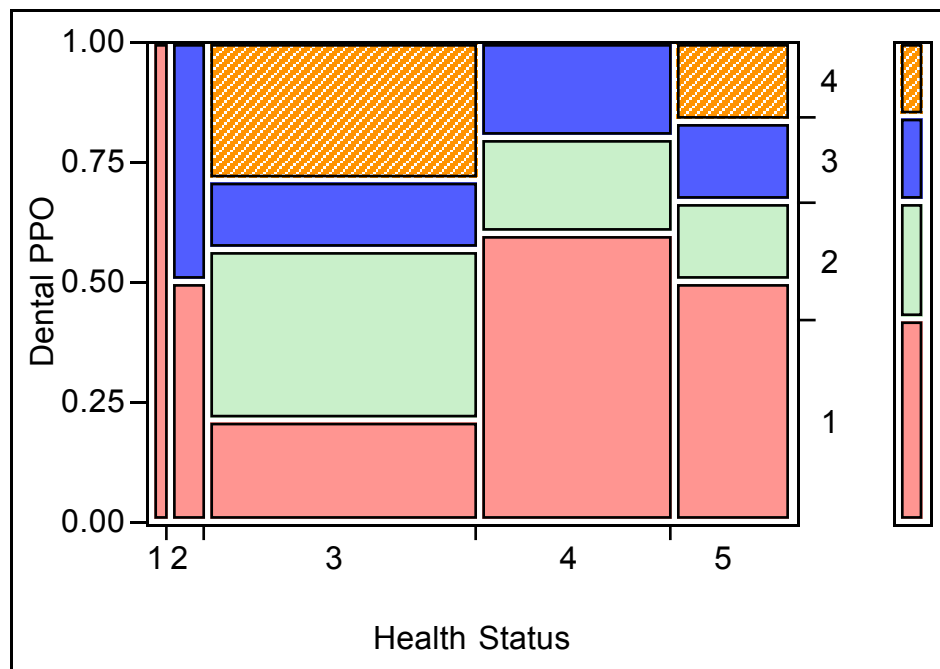
**Figure 12a**



Response	Count
1—Very Interested	14
2—Somewhat Interested	8
3—Not Very Interested	6
4—Not Interested at All	5
Total	33

## Analysis of Interest in Optional Dental PPO by Health Status

Figure 12b

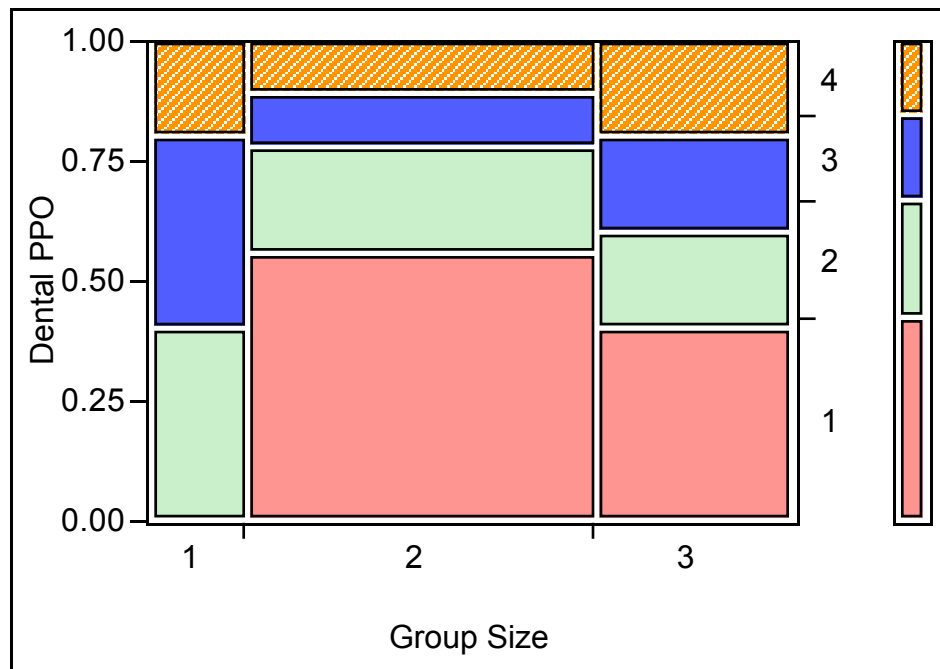


Health Status	Interest in Optional Dental PPO				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1—Poor	1	0	0	0	1
2—Fair	1	0	1	0	2
3—Good	3	5	2	4	14
4—Very Good	6	2	2	0	10
5—Excellent	3	1	1	1	6
<b>Totals</b>	14	8	6	5	33



## Analysis of Interest in Optional Dental PPO by Group Size

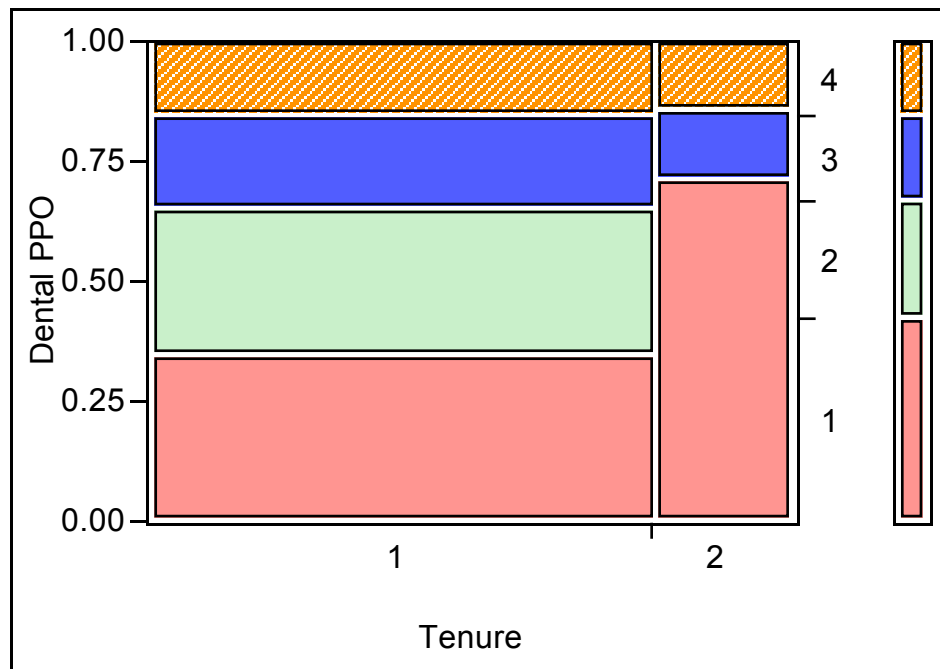
Figure 12c



Group Size	Interest in Optional Dental PPO Coverage				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1 = 1	0	2	2	1	5
2 = 2-10	10	4	2	2	18
3 = 11+	4	2	2	2	10
<b>Totals</b>	14	8	6	5	33

## Analysis of Interest in Optional Dental PPO by Tenure

Figure 12d

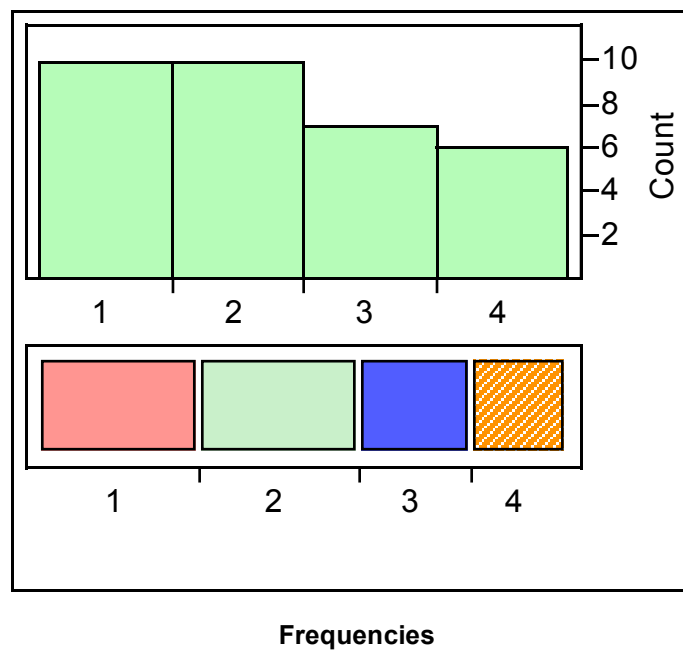


Tenure	Interest in Optional Dental PPO Coverage				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1 = Before 1/1/04	9	8	5	4	26
2 = On/After 1/1/04	5	0	1	1	7
<b>Totals</b>	14	8	6	5	33

## Interest in Life Insurance Option (Figures 13a-13d)

*(Q 11) How interested would you be if Healthcare Group added a life insurance option?*

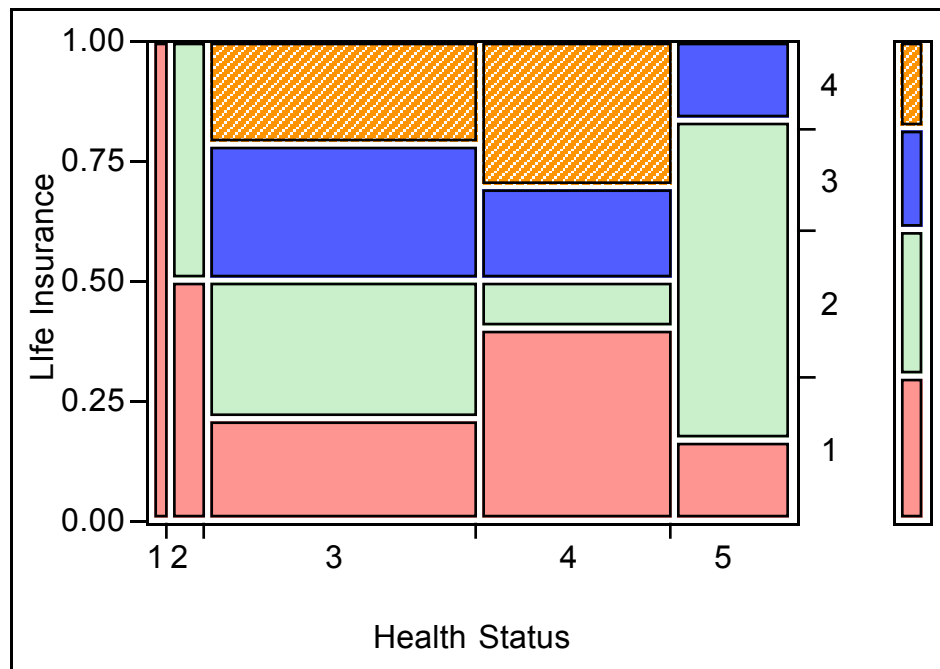
**Figure 13a**



Response	Count
1—Very Interested	10
2—Somewhat Interested	10
3—Not Very Interested	7
4—Not Interested at All	6
Total	33

## Analysis of Interest in Life Insurance Option by Health Status

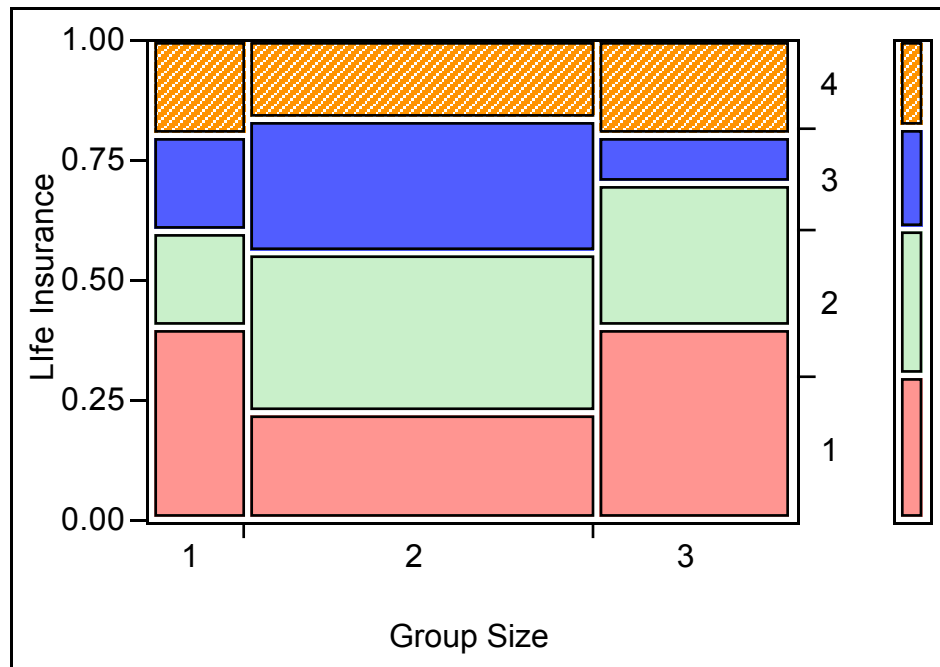
Figure 13b



Health Status	Interest in Life Insurance Option				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1—Poor	1	0	0	0	1
2—Fair	1	1	0	0	2
3—Good	3	4	4	3	14
4—Very Good	4	1	2	3	10
5—Excellent	1	4	1	0	6
<b>Totals</b>	10	10	7	6	33

## Analysis of Interest in Life Insurance Option by Group Size

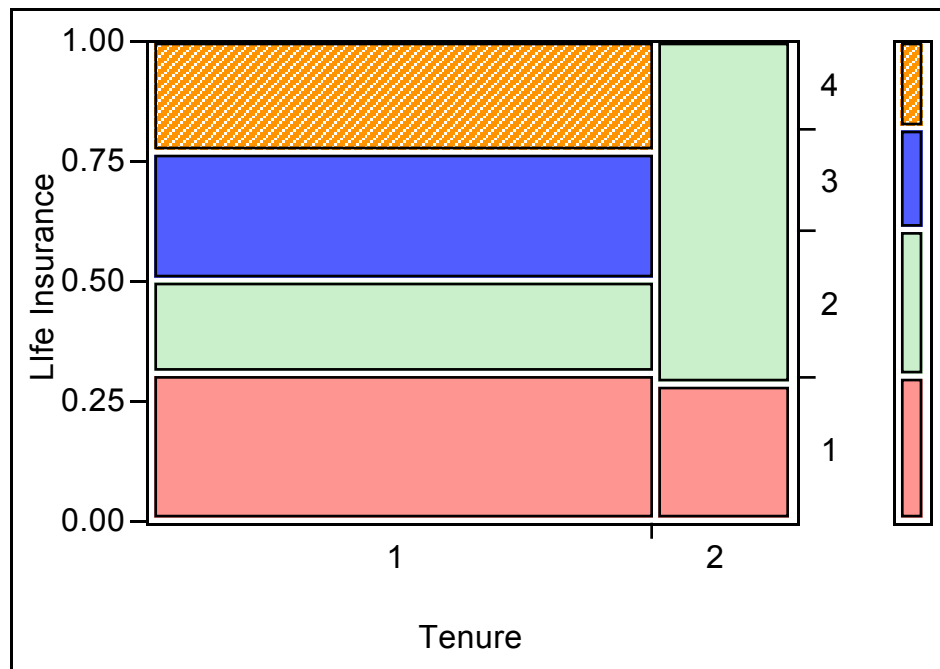
Figure 13c



Group Size	Interest in Life Insurance Option				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1 = 1	2	1	1	1	5
2 = 2-10	4	6	5	3	18
3 = 11+	4	3	1	2	10
<b>Totals</b>	10	10	7	6	33

## Analysis of Interest in Life Insurance Option by Tenure

Figure 13d

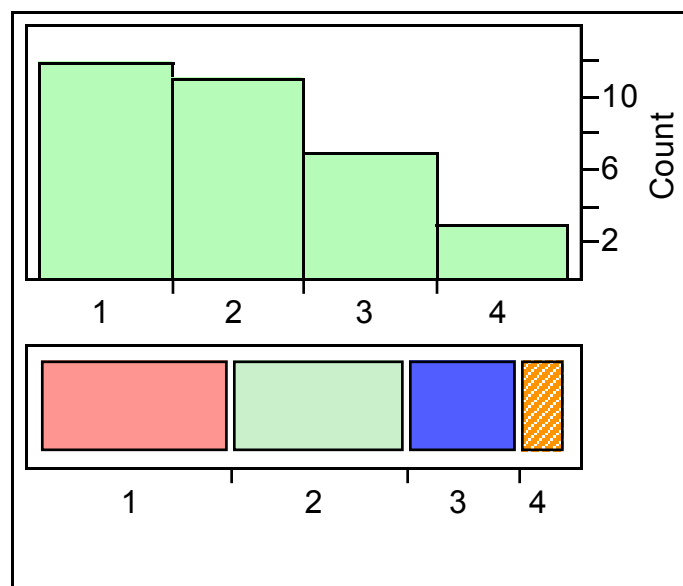


Tenure	Interest in Life Insurance Option				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1 = Before 1/1/04	8	5	7	6	26
2 = On/After 1/1/04	2	5	0	0	7
<b>Totals</b>	<b>10</b>	<b>10</b>	<b>7</b>	<b>6</b>	<b>33</b>

## Interest in Short-Term Disability Option (Figures 14a-14d)

*(Q 12) How interested would you be if Healthcare Group added a short-term disability option?*

**Figure 14a**

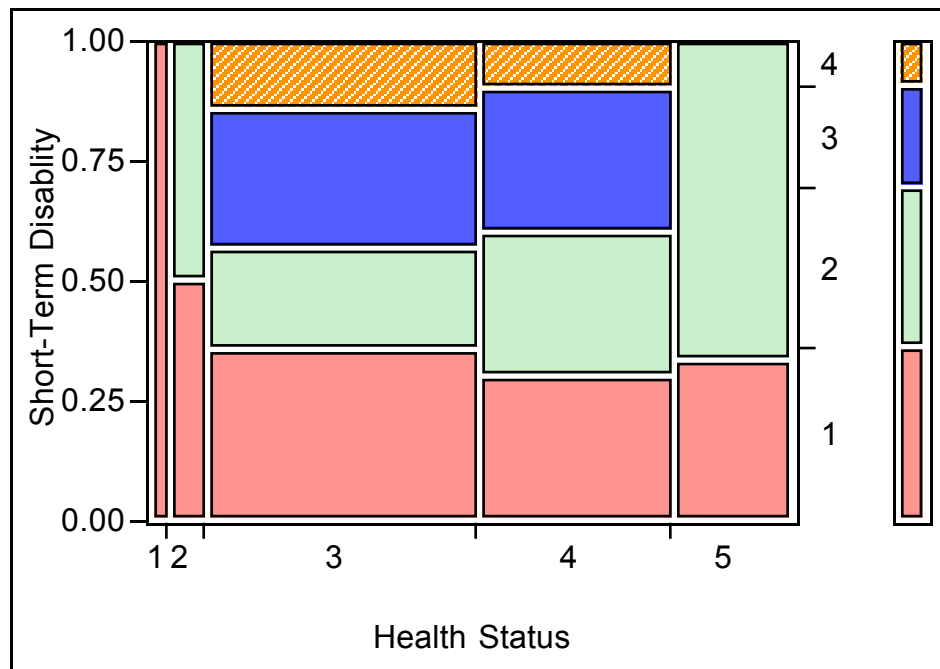


**Frequencies**

Response	Count
1—Very Interested	12
2—Somewhat Interested	11
3—Not Very Interested	7
4—Not Interested at All	3
Total	33

## Analysis of Interest in Short-Term Disability Option by Health Status

Figure 14b

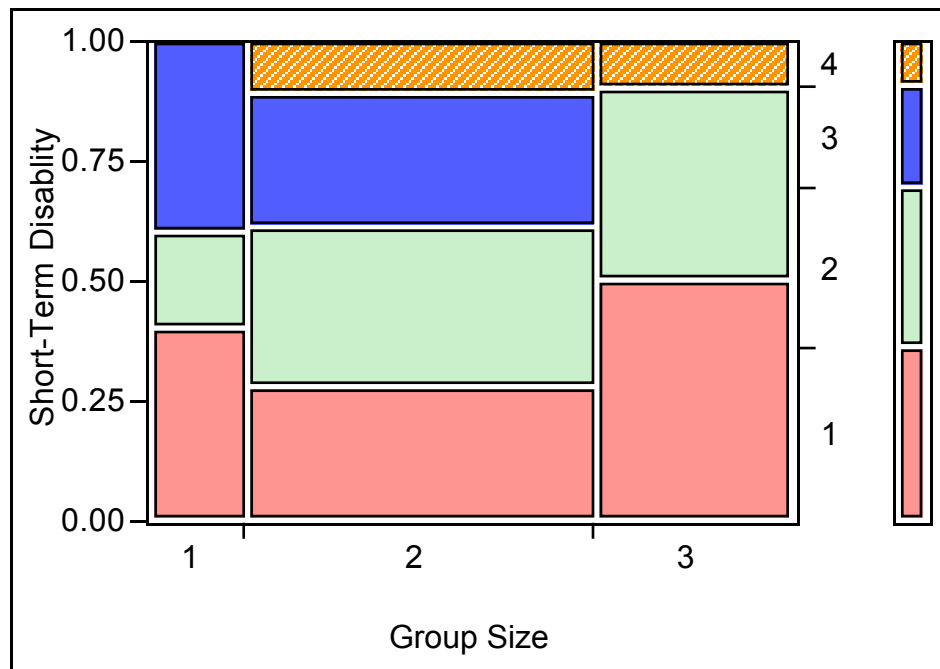


Health Status	Interest in Short-Term Disability Option				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1—Poor	1	0	0	0	1
2—Fair	1	1	0	0	2
3—Good	5	3	4	2	14
4—Very Good	3	3	3	1	10
5—Excellent	2	4	0	0	6
<b>Totals</b>	12	11	7	3	33



## Analysis of Interest in Short-Term Disability Option by Group Size

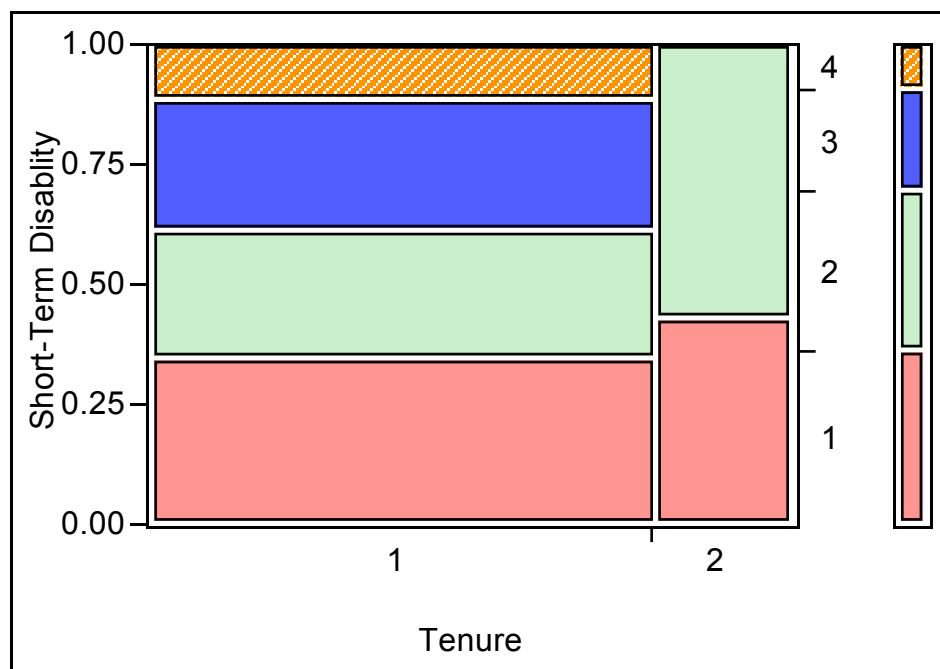
Figure 14c



Group Size	Interest in Short-Term Disability Option				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1 = 1	2	1	2	0	5
2 = 2-10	5	6	5	2	18
3 = 11+	5	4	0	1	10
<b>Totals</b>	12	11	7	3	33

## Analysis of Interest in Short-Term Disability Option by Tenure

Figure 14d

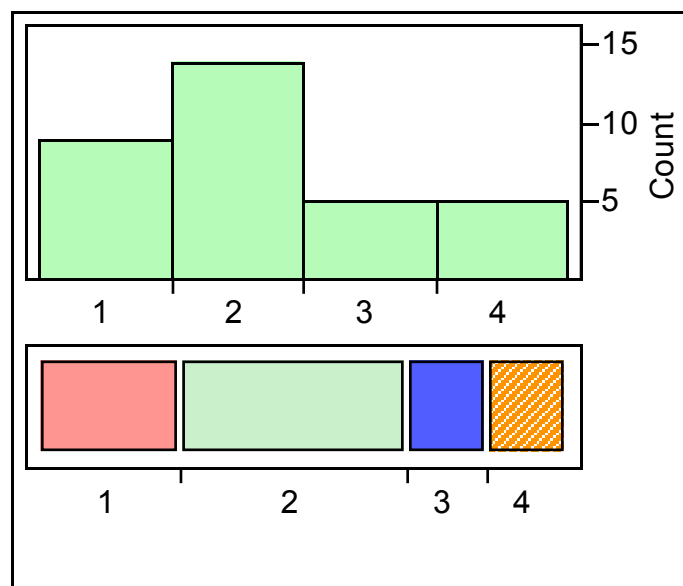


Tenure	Interest in Short-Term Disability Option				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1 = Before 1/1/04	9	7	7	3	26
2 = On/After 1/1/04	3	4	0	0	7
<b>Totals</b>	<b>12</b>	<b>11</b>	<b>7</b>	<b>3</b>	<b>33</b>

## Interest in Medicare Supplemental Insurance Option (Figures 15a-15d)

*(Q 13) How interested would you be if Healthcare Group added a Medicare supplemental insurance option?*

**Figure 15a**

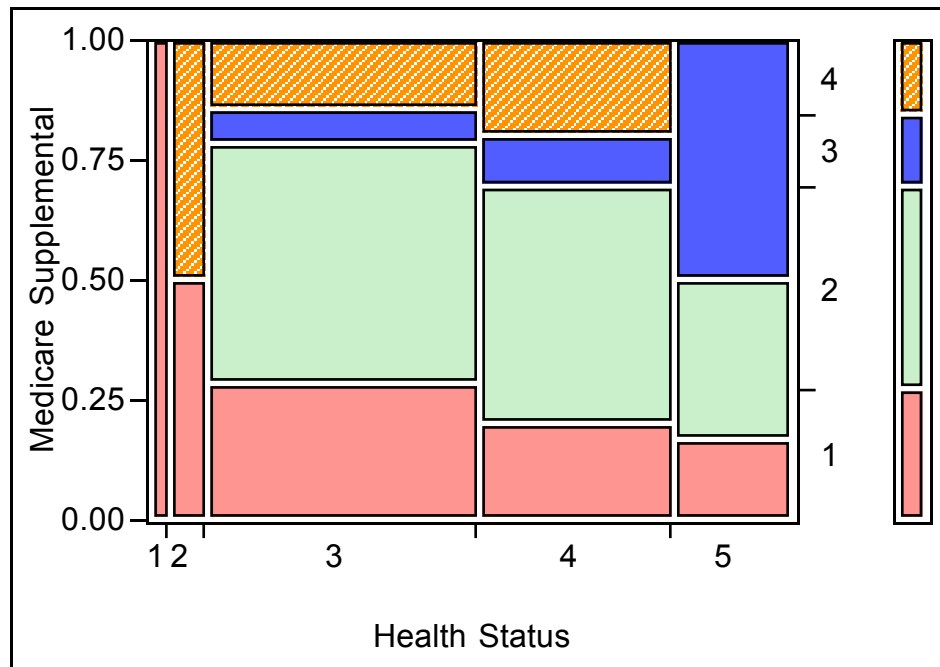


**Frequencies**

Response	Count
1—Very Interested	9
2—Somewhat Interested	14
3—Not Very Interested	5
4—Not Interested at All	5
Total	33

## Analysis of Interest in Medicare Supplemental Insurance Option by Health Status

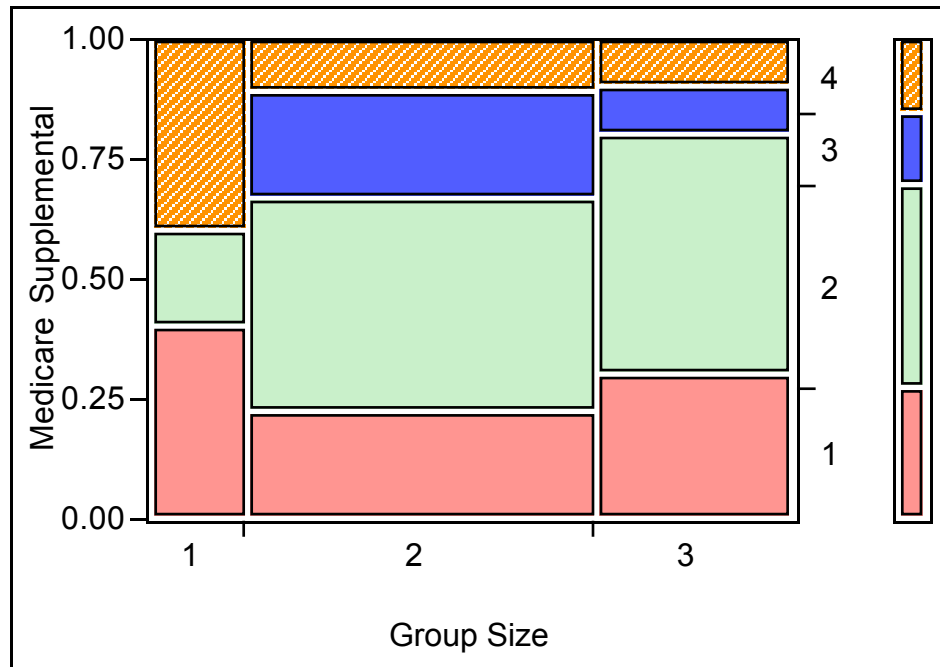
Figure 15b



Health Status	Interest in Medical Supplemental Option				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1—Poor	1	0	0	0	1
2—Fair	1	0	0	1	2
3—Good	4	7	1	2	14
4—Very Good	2	5	1	2	10
5—Excellent	1	2	3	0	6
<b>Totals</b>	9	14	5	5	33

## Analysis of Interest in Medicare Supplemental Insurance Option by Group Size

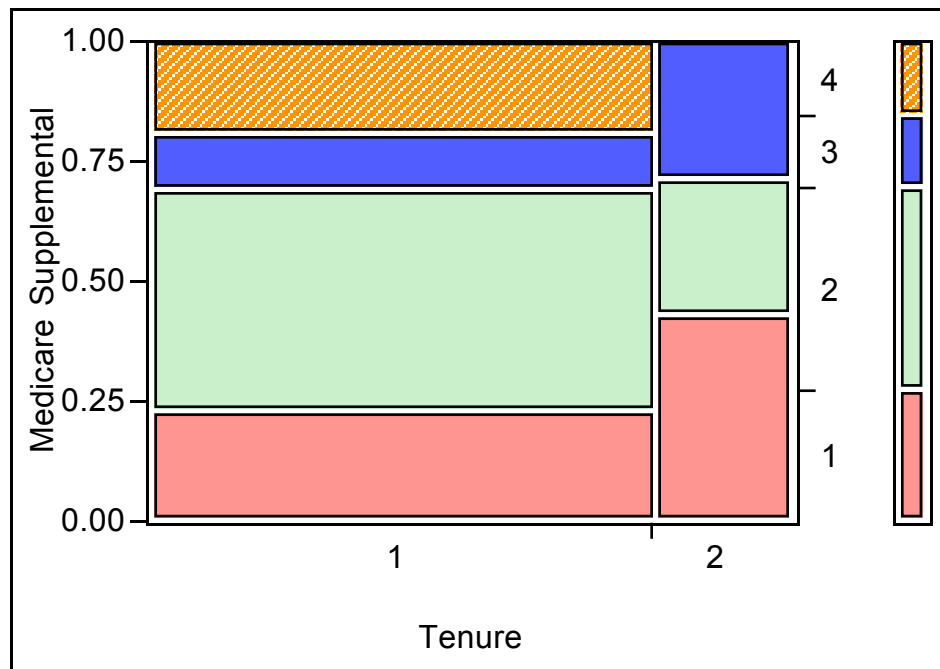
Figure 15c



Group Size	Interest in Medical Supplemental Option				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1 = 1	2	1	0	2	5
2 = 2-10	4	8	4	2	18
3 = 11+	3	5	1	1	10
<b>Totals</b>	9	14	5	5	33

## Analysis of Interest in Medicare Supplemental Insurance Option by Tenure

Figure 15d

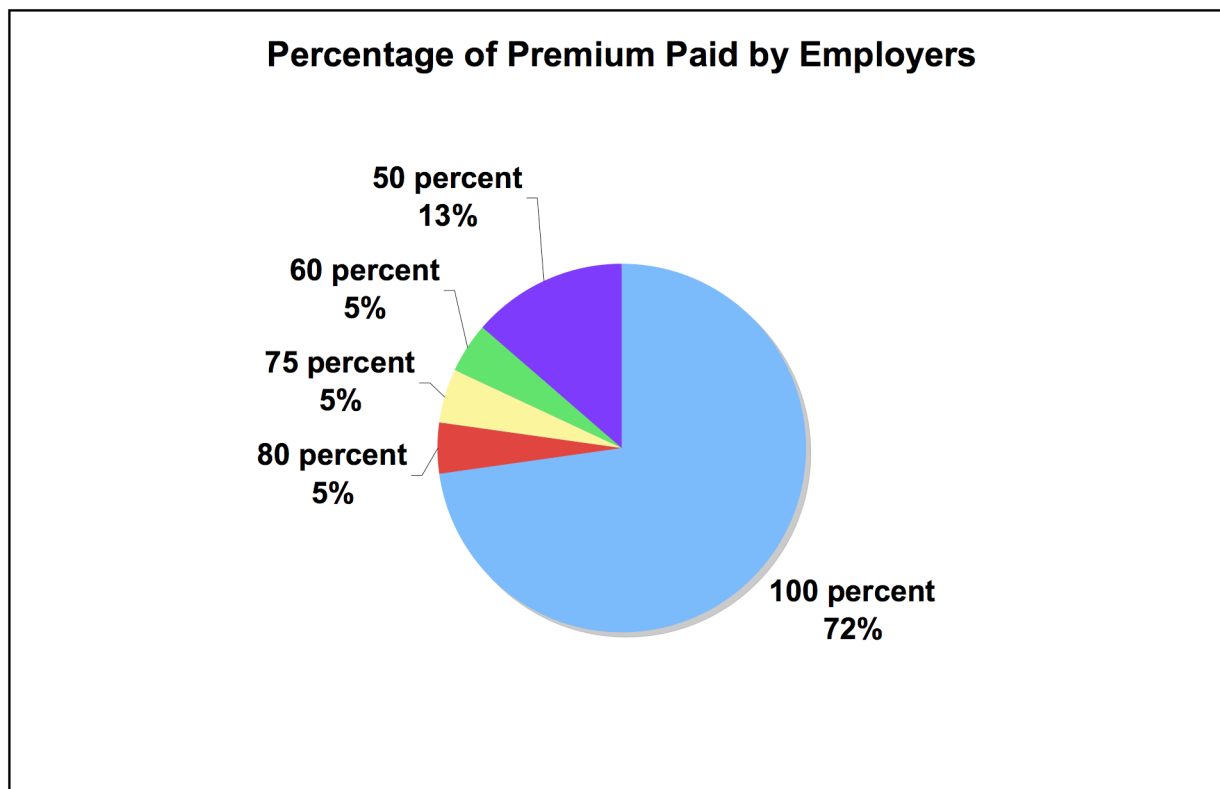


Tenure	Interest in Medical Supplemental Option				Totals
	1 Very Interested	2 Somewhat Interested	3 Not Very Interested	4 Not Interested At All	
1 = Before 1/1/04	6	12	3	5	26
2 = On/After 1/1/04	3	2	2	0	7
<b>Totals</b>	9	14	5	5	33

### Percentage of Premium Paid by Employer, Analyzed by Group Size (Figure 16)

*(Q 16) If your group size is two or more—what percentage of the premium is paid by the employer group?*

**Figure 16**



Count: Percentage of Premium Paid by Employee by Group Size					
Group Size	100%	80%	75%	60%	50%
2-10	13	—	—	1	2
11+	3	1	1	—	1

In addition the data presented above, one group with 2-10 employees reported that the employee pays the full premium during the first year of employment; in the second year, the company pays 25 percent; in the third year, 50 percent; and in the fourth and subsequent years, the company pays 75 percent. Another 2-10 group pays 100 percent of the premium for partners and makes no contribution for employees.

An 11+ participant reported paying 100 percent for managerial staff and 50 percent for field staff. One 11+ group pays the first \$120 of the premium per month per employee, and another pays \$100 per month.

## Biggest Challenge Facing Company (Table A)

*(Q 1) What is the biggest challenge facing your company at this time?*

**Table A**

Biggest Challenge Facing Company			
Challenge	Location	Group Size	Tenure
Economic downturn.	Prescott	1	Before 1/1/04
Finding new clients, paying monthly expenses.	Prescott	1	Before 1/1/04
Cost of doing business. Inflationary fixed expenses.	Phoenix	1	Before 1/1/04
Rising healthcare costs and competing with larger companies regarding employee benefits.	Tucson	1	Before 1/1/04
Financial feasibility. Staying afloat in light of poor reimbursement for the services our agency provides to State programs.	Prescott	2-10	On or after 1/1/04
Gas prices.	Prescott	2-10	Before 1/1/04
Financial—making ends meet. Having the funds to grow as our services are increased.	Prescott	2-10	Before 1/1/04
Increasing healthcare costs and finding good quality employees.	Prescott	2-10	Before 1/1/04
Cost of healthcare.	Prescott	2-10	Before 1/1/04
Knowing we will have affordable healthcare for years to come, or increased revenue.	Phoenix	2-10	On or after 1/1/04
Healthcare coverage for all employees.	Phoenix	2-10	On or after 1/1/04
Too much work, too little time.	Phoenix	2-10	Before 1/1/04
Employee retention.	Phoenix	2-10	Before 1/1/04
Healthcare costs.	Phoenix	2-10	Before 1/1/04
Bringing in new business.	Phoenix	2-10	Before 1/1/04
Market conditions, cost control.	Phoenix	2-10	Before 1/1/04
Aging of employee base.	Phoenix	2-10	Before 1/1/04
Managing growth.	Phoenix	2-10	Before 1/1/04
Bringing in enough business to meet all of our obligations.	Phoenix	2-10	Before 1/1/04
Affordable employee benefits.	Tucson	2-10	Before 1/1/04
Finding good, trustworthy employees.	Tucson	2-10	Before 1/1/04
Staying active in the current senior market with the inception of the lock-in with Medicare.	Tucson	2-10	Before 1/1/04
Family business succession.	Phoenix	11+	On or after 1/1/04
Rapid growth.	Phoenix	11+	On or after 1/1/04



<b>Biggest Challenge Facing Company</b>			
<b>Challenge</b>	<b>Location</b>	<b>Group Size</b>	<b>Tenure</b>
Keeping everyone happy with the choice of healthcare we have chosen.	Phoenix	11+	On or after 1/1/04
Increase in premiums.	Phoenix	11+	Before 1/1/04
Increasing premiums, co-pays, coinsurance, cost, cost, cost!	Tucson	11+	Before 1/1/04
Cash flow, 401k follow-up for installation of program.	Tucson	11+	On or after 1/1/04
Increasing premiums year after year in all areas of benefits, i.e., retirement, health, etc. are a challenge to the agency.	Tucson	11+	Before 1/1/04
Offering good benefits to attract and retain the best employees.	Tucson	11+	Before 1/1/04

## Main Reason for Offering Health Insurance (Table B)

*(Q 2) What is the main reason you offer health insurance to your employees?*

**Table B**

Main Reason for Offering Health Insurance			
Main Reason	Location	Group Size	Tenure
Not having healthcare coverage would be financial suicide.	Prescott	1	Before 1/1/04
I am only employee.	Prescott	1	Before 1/1/04
Necessary cost of being self-employed.	Phoenix	1	Before 1/1/04
To attract and <u>keep</u> employees.	Tucson	1	Before 1/1/04
To attract qualified people and keep them.	Tucson	1	Before 1/1/04
My employee is my wife.	Prescott	2-10	Before 1/1/04
An enticement for retention.	Prescott	2-10	On or after 1/1/04
It is only right.	Prescott	2-10	Before 1/1/04
Retention.	Prescott	2-10	Before 1/1/04
To retain employees.	Prescott	2-10	Before 1/1/04
To keep skilled employees.	Phoenix	2-10	On or after 1/1/04
Because we know our families cannot afford to go without.	Phoenix	2-10	On or after 1/1/04
Benefit to keep employees.	Phoenix	2-10	Before 1/1/04
Employee retention mandates health insurance.	Phoenix	2-10	Before 1/1/04
Necessary—it's a quality of life issue.	Phoenix	2-10	Before 1/1/04
To be a competitive employer.	Phoenix	2-10	Before 1/1/04
Husband and wife team.	Phoenix	2-10	Before 1/1/04
Employee satisfaction.	Phoenix	2-10	Before 1/1/04
It is the right thing to do.	Phoenix	2-10	Before 1/1/04
It's the right thing to do. They probably couldn't afford it on their own.	Phoenix	2-10	Before 1/1/04
We need to be competitive to recruit good employees and we want our employers to be as productive as possible.	Tucson	2-10	Before 1/1/04
We needed it for ourselves and with pre-existing conditions it was hard to find coverage.	Tucson	2-10	Before 1/1/04
Otherwise they would not be able to obtain affordable and comprehensive coverage.	Tucson	2-10	Before 1/1/04
Good citizenship, good corporate citizenship, morale.	Prescott	11+	Before 1/1/04

Main Reason for Offering Health Insurance			
Main Reason	Location	Group Size	Tenure
To recruit and maintain quality employees. It is a key in being a competitive employer.	Phoenix	11+	On or after 1/1/04
To keep employees, to be competitive.	Phoenix	11+	On or after 1/1/04
It's a benefit that keeps good employees.	Phoenix	11+	On or after 1/1/04
Important benefit for new employees as well as the necessity for health insurance which most individuals cannot do on their own.	Phoenix	11+	Before 1/1/04
It helps to maintain their health so they will be able to continue working at their job.	Phoenix	11+	Before 1/1/04
To be competitive in the workforce. You want the good employees, you need to offer benefits! You want to keep them, you give them peace of mind!	Tucson	11+	Before 1/1/04
We offer programs of health insurance and 401k programs to develop loyalty in the employees.	Tucson	11+	On or after 1/1/04
We offer health insurance for retention purposes. We are a family-oriented business and feel that it is the right thing to do.	Tucson	11+	Before 1/1/04
To retain employees and to be competitive in the marketplace.	Tucson	11+	Before 1/1/04

### Comparison of Current Study with *Small Business Survey Arizona 2000* (Table C)

Small Business Survey Arizona 2000 was prepared in May 2000 for the Arizona Hospital and Healthcare Association, Arizona Chamber of Commerce, Blue Cross and Blue Shield of Arizona, and St. Luke's Charitable Health Trust by WestGroup Research. Telephone interviews were conducted with a random sample of 401 owners and managers of Arizona businesses having fewer than 50 employees. The results are an accurate representation of the state's small businesses within plus or minus 5 percent at a 95 percent confidence level.

The 2006 focus group participants included representatives of 33 small employer groups with current HCG coverage. Participants constituted an opportunistic sample representing a broad cross-section of HCG's employer groups.

While the substantial differences in the size and methodologies of the two research studies should be recognized, the comparisons displayed in Table C are useful when considering changes over time.

Data Comparison with Small Business Survey Arizona 2000		
Topic Area	2000 Quantitative Survey	2006 Focus Groups
Percentage of premium paid by employer	Average contribution of 75%	Majority pay 100%
Top reason that a firm would drop insurance coverage for employees	Cost	Cost
<b>Top Challenge</b>		
Finding good/qualified employees	34%	10%
Government relations	11%	0%
Providing healthcare benefits for employees	4%	33%
Finances/loans	5%	33%
Rapid growth	0%	10%
<b>Top Reason Offer Health Insurance</b>		
Improve retention	5%	39%
Attract quality employees	27%	15%
Important to employees [or self-employed owner]	39%	21%
Feel morally or legally obligated	20%	18%
Keep healthy/at work	4%	6%

## Appendix E: Retention Factors

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At the conclusion of each session, focus group participants were asked to list, in rank order, the top three things that would keep them with Healthcare Group of Arizona. This appendix presents the weighted responses. The top-ranked factor was given a score of 3, the second-ranked a score of 2, and third-ranked a score of 1.

Ranking of Retention Factors				
Factor	Phoenix n = 16	Tucson n = 9	Prescott n = 8	Total n = 33
Cost	37	26	24	87
Expanded provider networks	12	5	10	27
Good coverage	12	6	6	24
Quality customer service	11	2	4	17
Quality providers	4	5		9
Reasonable co-pays	2	2	3	7
Distinguish HCG from AHCCCS (stigma)	6			6
Expanded formulary	2	3	1	6
Accept members with pre-existing conditions	1	2		3
Faster referrals and pre-certifications	3			3
Continue focus groups with employers	2			2
Choices/product options	2			2
Discounts for companies with low claims	2			2
Preventive medicine		1		1
Decrease HSA premiums		1		1
Efficient billing and record-keeping		1		1